



Investment in Arts and Culture in urban contexts: exploratory relations between cultural and tourist agents in Porto

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Dissertation

Master in Management

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7 September 2015

Biographic Notes

I was born in 3rd July 1991 in Coimbra and I was raised in Nazaré until 2009, when I came to Porto in order to study Economics.

My academic career at the Faculty of Economics of University of Porto (FEP) began in 2009 with a degree in Economics. After its completion, in 2013, I joined the Master in Management in order to deepen my knowledge in that area, due to my interests in entrepreneurship and in strategy.

Currently, I am a junior manager in Sogrape, being part of a team responsible for the planning and control department. I am also a musician with two solo albums edited and recording a third one, which explain in part my motivation and my personal interest for this subject and my worry about the sustainability of arts and culture in countries affected by the crisis of 2008.

Abstract

The first purpose of this study was to understand why and how governments should invest in culture; what can define good cultural policies for different countries and how to adapt it to the Portuguese context. Despite the recent interest in culture and arts as economic policy factors, there is a lack of studies and data, because this economic field is not developed as expected. The main reason is the fact that economists started to pay serious attention to these issues only in the second half of the 20th century due to the increase in Governments' demands on culture rationale and the emergence of cultural economics as a scientific discipline.

This research aims to understand whether the investment in culture is perceived as "good" or "bad, with public funds or private partnerships, if cultural businesses are important to economic development and how to fit in the Portuguese case. We will explore an urban context, the city of Porto, and the demand side of cultural activities. The empirical research will focus two private cultural sectors in Porto, examining the ways they interact or, on the contrary, they stay apart in their strategies to reinforce their businesses: music spots (part of the cultural offer) and hostels (a recent touristic trend in the city that targets culturally-driven clients). Our main hypothesis is that both sectors could benefit with partnerships that would drive each other to economic sustainability, and thus generate wide-range and regular cultural and economic dynamics in the city.

In line with our primary motivation we will begin with a literature review of the relations between culture, state and economy. This will situate our research in the field of cultural economics, briefly. Then we will introduce some issues on the tourism industry and cultural demand. Thirdly, our methodology and the empirical cases will be presented. Lastly, the results will be discussed.

Keywords: Arts and Cultural Policy and practices, Other

JEL codes: Z10, Z11, Z19

Table of Contents

Biographic Notes	ii
Abstract.....	iii
Table of Contents	iv
Tables and Figures.....	v
1. Introduction.....	6
2. Literature Review	11
2.1. Relevant issues according to literature	11
2.1.1. Baumol's cost disease	15
2.1.2 Arm's length body	16
2.2. Why do Governments Support Arts and Culture?	18
2.3. How can Governments Support Arts and Culture?	21
2.3.1. Instruments	23
2.4. Cultural Statistics	24
2.4.1 Problems with interpretation and comparisons	25
2.5. The Portuguese Case	26
2.5.1. Currently.....	31
2.6. Arts, Culture and Tourism	34
3. Arts and culture as touristic business	41
4. Methodology	45
5. Object.....	47
5.1. Locations.....	47
5.2. Music.....	48
5.2.1. Interviewed Spots of Cultural Offer	52
5.3. Hostels.....	56
5.3.1. Overall Characterization.....	58
5.3.2. Hostels' interviews.....	60
6. Theory in the Field: There is Hope	63
7. A Sustainable Path.....	66
8. Conclusions.....	71
9. References.....	74
10. Attachments.....	77
Attachment 1 – Hostels' Information.....	78
Attachment 2 – Hostels' Interviews - analysis.....	80
Attachment 3 – Spots of Cultural Offer's Information	83
Attachment 4 – Spots of Cultural Offer's Information	84

Tables and Figures

Table 1 – Evolution of the direct financing between 2009 and 2012, per area artistic area (2009=base value) (%) (Santos and Moreira, 2013)	32
Table 2 – Spots of Cultural Offer of small/medium size	50
Table 3 – Hostels in Porto.....	57
Table 4 – Hostels’ information collected through the Internet and phone calls	78
Table 5 – Hostels’ information collected through the Internet and phone calls (cont.) .	79
Figure 1 – Location of the Spots of Cultural Offer (circles) and Hostels (squares).....	47

1. Introduction

It is important to understand why and how governments should invest in culture and arts and its importance for societies; how cultural policies can be defined in different countries; and how public and private segments can benefit from each other, in order to generate incomes that contribute to diminishing the needs for public funds. Regarding the Portuguese context, the recent tourism policy priority may express the government concerns towards the relationships between the arts and the businesses¹. The tourism boom in Porto, and its relation with the "new" hotel companies (hostels, with small capacity and creative-driven targeted), on the one hand; and the music scenes in the city, with cultural spots programming live music, on the other hand – will make an interesting exercise to reflect about the sustainability of the artistic work in a urban environment.

Several authors argue that societies need to know how culture and other ways of expression may be determinant for their development and daily lives. It is also important to distinguish the arts from the entertainment and to understand that culture could be a way of educating, and therefore empowering, and contributing to social and economic growth (Ginsburgh and Throsby, 2006). In parallel, the art market (even the contemporary one) can mobilize millions and generate returns on investment bigger than financial applications (Blaug, 2001).

We have to know what we are dealing with and understand that this is an ambiguous field, internally ruled by principles of "non-rationality": the artists are not moved by money, at least money is not their primary motivation (Klamer and Petrova, 2007).

As a musician and a current student of a master in management with background in economics, this thesis is an opportunity to relate both areas that I am dealing with every day: arts and economy. It is important for a manager of non-traditional economic fields (health, education, culture...) to have deep knowledge about it: for instance, how can a manager with a background only in economics properly manage a hospital? That

¹ See the general policy framework for Portugal 2014-2020, under the EU strategy: *Programa Operacional Regional do Norte 2014-2020 (Programa Operacional ao Abrigo do Objetivo de Investimento no Crescimento e no Emprego)*, <https://www.portugal2020.pt/Portal2020/programas-operacionais-portugal-2020-2> (ret. June 2015).

is why for some type of more sensitive domains, not so based in quantitative issues, it is absolutely necessary knowing the issues that the individuals and organizations are dealing with, before assuming behaviours and decisions based only on profit. Thus, the motivation for this study is based on a personal experience, combined with the awareness that in some areas, profit cannot be seen straight away and, moreover, profit is not exclusively monetary, nor a short-term issue. Nevertheless, I am also aware that without public money, in the context that we live nowadays, especially after the 2008 crisis, cultural identities have to keep working and resist to this difficult situation without a "romantic" solution, or wrong expectations like the increase of public investment in the medium-term. That is why the empirical section of this study will be concerned with the reaching of practical models that may contribute for the preservation of cultural heritage for future generations, combined with market-driven strategies, with a focus on urban area of Porto.

Along with my personal motivation comes the empirical finding that cultural and artistic activities in Portugal are being dramatically disinvested by the state in recent years, which may have tremendous impact on the restructuration of the Portuguese cultural field (Santos and Moreira, 2013). Also, in Portugal, after a short period with a ministry of Culture (1996-2012) the sector depends directly on the presidency of the Council of Ministers, through a Secretary of State, which appears to be really strange within the EU context.

Returning to our main scope and objectives, our theme is recent and fragile, from the point of view of the economics of culture and arts:

“We have almost no examples in any country of detailed studies of just what decisions were made and how they were said to be made by ministers and government officials. Is it not time for cultural economists to abandon normative arguments for public subsidies of arts and instead to study the positive consequences of public subsidies, including the rhetoric of public bodies subsidising the arts?” (Blaug, 2001, p. 132).

So, as Blaug referred, there is a big gap in this kind of research, and that is why this study could be important to decision makers, not only politicians. As politicians are becoming more interested in creative cities and creative economies, they drift into the role of the arts in society at large (Klamer *et al.*, 2006). Nevertheless, that role is far from being consensual or stabilised (Ginsburgh, 2013).

“Cultural economics is clearly a rich area for the application of economic theory and econometric techniques but what we have all been hoping for is that the field might actually suggest and promote developments that would spill over with benefit to economics and econometrics outside its own domain. Has that happened? Not really but is that perhaps asking too much of a subject no older than 30 years? Certainly its progress in its brief life is nothing to be ashamed of.” (Blaug, 2001, p. 133). This quotation from Mark Blaug looks quite actual, even if the literature on cultural economics has increased, partly in consequence of the "liberal turn" of the eighties and the needs of the (European) states to rationalise their welfare support.

Much more work has to be done on this sub-discipline of economics, not only because we have a lack of knowledge, but also because it could be so important in developed societies. From the point of view of some authors, and from what we learn and experience during our life, it is possible to understand that societies without culture and forms of artistic expression would will soon be enslaved societies (Belfiore and Bennett, 2008). In a different perspective, can be evidenced that if society attracts a sufficient number of artists, the economic activity will follow (Florida, 2004).

To conclude, this study aims to answer some questions, not only related to the importance of public investment in arts and the governments' role, but also with the importance of practical measures and actions that players can take in a context where the possibility of investment with public funds is quite unlikely.

Having in mind the market-driven area of arts and culture, as well as the actual tourism-driven policies and the recent position of Porto in tourist choices – having won the award of best destination 2014 through European Best Destinations² – we intend to

² See <http://www.europeanbestdestinations.com/top/europe-best-destinations-2014>, ret. Jul. 2015.

explore the relationship between private cultural offer and tourism in Porto. This will help us to test some practices towards sustainability through actors simultaneously engaged in arts and with profit orientation. We assume that the encouraging of that subsector is important to generate synergies that may safeguard the cultural offer and demand.

Our research questions are:

- Why and how do governments invest in/finance cultural activities?
- What are the differences between some models of public subsidies and why?
- What has been the Portuguese government's role in this field?
- How do private stakeholders in the urban cultural offer perceive the above-mentioned problems and how do they manage their activities in order to combine economic sustainability with the quality of their services?
- What could be a practical test for the urban area of Porto that may contribute for the arts thrive financially, taking advantage of the city dynamics?

In order to answer these questions, the methodology was guided by theoretical and technical literature (the latter mostly reports ordered by political institutions, within the EU), the gathering of historical and statistical data about some tourism sectors, and personalized interviews with specialized stakeholders (cultural programmers, hostel owners and also head of some cultural places where is possible to perform arts). My personal experience as a musician helped us to critically manage the methodological scope of the research and provided specific questions and practical access to the empirical field.

The structure of this study intends to guide the reader since the beginning of the state of art to the final problematic, which allows us to demonstrate the logic of our empirical research, aimed to search into experimental solutions in order to explore practical alternatives to overcome the economic difficulties of cultural stakeholders. Firstly, the literature review proposes answers for essential questions as: why and how governments support arts and culture and how the Portuguese case can be studied in this context. Also, in the literature review, we introduce the topics that relate arts/culture and tourism, which allow us to see them as businesses. The second part of this study consists in the empirical work: the methodology will be presented in detail

and the object will be exposed: firstly, in the form of characterization of both segments (musical spots and hostels in Porto) and secondly with the discussion of the interviews. Finally, the results and conclusions will be presented and discussed.

2. Literature Review

In this section, the general state of art will be discussed and the study about this subject will be presented, in order to have the knowledge and the basic framework that will allow us to start looking for answers to our main problem: under the actual circumstances of financial crisis, that dramatically affects the arts and culture, what are the performance and perception of the cultural stakeholders sharing the same urban dynamics? Considering the city of Porto, do they see each other, and do they act, as part of the same *milieu*; or, on the contrary, do they perform individually, nor considering the possibilities of joint practices (solutions) concerning to the potentially of the urban dynamics? Firstly, relevant issues will be presented in order to introduce the theme and to reveal some important theories to have in mind before presenting the answers of the theoretical research questions. Hereupon, the literature review will be more focused and detailed looking for the right framework to start working the empirical cases.

2.1. Relevant issues according to literature

It is important to situate this study and its pertinence before dive in the main issues and challenges of this work. Klammer mentioned the Maastricht Treaty of 1992 that was one of the milestones of the creation of the European Union and which refers the importance of culture in the foundation of a society with strong and different cultural values between the countries, that can be reflected in cultural heritage and in critic and artistic minds in the ways of their own expression. Until now, all those issues seem to have much less importance for commons societies than financial and economical subjects. Politicians guiding principles for policy programs are mainly in economic measures, looking for results that are measurable in terms of monetary profit; and the mainstream media prefer to discuss economic scenarios without having in account cultural issues, besides their economic potential and relevance. “But might we be seeing a change in perspective on the horizon? The commercial world, after all, is becoming increasingly aware of the importance of ephemeral factors such as culture and creativity for its bottom lines.” (Klammer *et al.*, 2006, p. 1).

First, it is important to refer the three main sources of funds for the arts: the government, the market and the third sphere (non-profit sector) (Klamer and Petrova, 2007). Through them, we can understand what is the best approach to perform this study with relevant and practical results and not only theoretical conclusions.

Each of these sources has its own mechanisms and results, and all of them can be different. Even if some of those sources were used in the same place with the same mechanisms, but in different times, the results could be different because the intervention on such areas is not guaranteed and the results can be completely different with only a small change in some variables. Cultural policies are very difficult to understand and their effects are often unpredictable and impossible to measure and evaluate in the short term. This is why the study of these subjects is so important, despite the gap of studies in this area. “Any cultural policy may need to take these sources and their consequences into account” (Klamer *et al.*, 2006, p. 3). These authors demystify and easily simplify the three sources mentioned above:

- Financing by means of the **government**: To be financed by the government, firstly artist have to qualify for government support, this means that cultural institutions and artists have to prove that their activities meet some standards stipulated by politicians and government agencies, which sometimes can be very arguably or questionable. The more accomplished example of this mechanism is the French cultural policy.
- Financing by means of the **market**: It is the selling of the artists’ work on the market. This includes the selling of their works to companies in so-called sponsored deals.
- Financing by means of the **third sphere**: Cultural institutions and other individuals can generate funds through donations from other individuals or private institutions. Those kinds of revenues can take other forms than just money; they can also be in the form of work or time. In European history, the Maecenas provided a form of financing that was typical of the third sphere.

Financing by means of the third sphere prevails in the Anglo-Saxon tradition and is on the rise in the public discourses in many European countries.

The financing of cultural activities tends to materialize from all three sources, which means that, in any circumstances, the three sources could be important even if in different levels of importance, depending of each reality. It is also of high importance to have in mind the cultural traditions of each country or even the differences of each region (Silva, 2003); in order to design policies with relevance and according to each reality, politicians and responsible for those policies have to be aware of all those issues, because are the main variables that will influence the results of such policies.

Some authors agree that, when the cultural agents rely too much on one of the sources, the others can dry up; for instance, if the government supports too much some artistic segments, the donations will naturally decrease, or when the market arrangements take over, the government may withdraw its support because the need of help will also decrease (Klamer *et al.*, 2006, p. 2). Nevertheless, Klamer (2006) also mention that in some cases and certain contexts, governments can support furthers private donations (mostly firms), legitimating the role of artistic quality and thus crediting reputational impacts on the sponsors. This is common in Portugal, where, along with a government-driven model of assistance, private donations tend to follow the most important organizations of the subsidized sector (cultural foundations with heavy participation of government funds – for example: Centro Cultural de Belém, Casa da Música, Serralves – and the public sector – like the national theatres).

Another important form of government support is the indirect subsidy. In these cases, governments can use alternative instruments; tax reductions for cultural institutions are one of them. However, there are some disagreements in the use of this instruments due to the lack of methods for the governments forsake the results of such policies (Towse, 2010).

The design, focus and implementation of European cultural policies vary across countries. Some have a centralized, ministry-supervised structure; others are decentralized. In some countries, public intervention plays the “sovereign” of culture; others employ a combination of public and private interventions: “There is a great

variety (...) in cultural policies and in the institutions set up to implement them. And this variety reflects not only differing national traditions in the organisation of public functions and the delivery of public services, but differing philosophies and objectives regarding the whole area of culture and arts” (Cummings Jr and Katz, 1987, p. 3). Countries should learn with each other and understand the patterns and the actions in terms of policies that can result in different contexts. However, they also refer that this seems to be difficult for countries to do, instead politicians seems to ignore the knowledge and the experiences of other countries, and making the same mistakes as in the past.

One of the examples used to explain those differences are the Nordic countries, that traditionally are more supportive to the artists themselves – the importance of art education and social cohesion is especially visible in countries like United Kingdom, France, Sweden, the Baltic countries, or even Finland and Denmark. On the other hand, countries like Italy, Greece and Malta clearly prefer to protect and invest more in the cultural heritage, mainly monuments and touristic sites (Klamer *et al.*, 2006). In Portugal the cultural policies show a kind of toggling between cultural heritage and contemporary arts, which seems to depend upon the government party, which in turn indicates their fragility (Santos, 1998; for an updated general profile: Garcia, 2014).

Besides the differences among all the countries’ policies, which are also understandable due their differences in terms of history and economic development, the economic effect that culture have in each economy starts to have more importance and relevance in shaping different policies. Countries where states have traditionally more public intervention have been looking for more private funds in order to finance arts and culture, which reveals the growth of individual’s sensibility and the opening for the issues that this study will discuss (McIlroy, 2001).

2.1.1. Baumol's cost disease

This is called one of *the jewels in the crown* of cultural economics and it was described by William J. Baumol and William G. Bowen in 1966 as the idea that the failure of the technical progress in the arts, while the wages in the other areas continue to increase due to the technical progress in those fields, will naturally imply the inflation in the price paid for the access of the arts (Blaug, 2001).

The most well know example that Baumol and Bowen pointed out is that the same number of musicians is needed to play a Beethoven string quartet today as it was needed in the 19th century; in other words, the productivity of classical music performance has not increased. So, with this theory we can easily describe the consequences of the lack of growth in productivity of this sector.

It has been observed that increases in price of the performing arts have been offset by increases in standard of living and entertainment spending by consumers. Not all readers have noticed that this conclusion mitigates the implication that everyone read into Baumol's cost disease, namely that the performing arts must be subsidised if they want to survive – and this is a policy issue. That conclusion cannot be taken directly without knowing very well the socio-economical context that we are studying. This means that the Baumol's cost disease is not an excuse for the need of the public support in culture and arts, nevertheless it can help to explain some needs of this segment.

2.1.2 Arm's length body

The author van der Ploeg (2006) distinguishes three systems of cultural administrative organisations and called those mechanisms the “arm's length body”. This concept is more traditional in the British political system (Hillman-Chartrand and McCaughey, 1989): basically, this system regulates the way the institutions operate, which means that this device pretends to control their organisation and their interaction with the government. The main idea of this principle is to give more independence and transparency in decision-making, preventing political interference. The advocates of this device argue that it allows the control, or at least, the filtering of the influence of government in a better way. Why? Because government finances the fields of culture and heritage, but at some distance, that is why it is called “at arm's length”. This method can have some varieties, depending on the context where we want to take actions. All of those varieties can have advantages and disadvantages, there are no golden or universal rules – each system depends of each context, as shown below (Ploeg, 2006)

1. Top-down and state-driven system – bureaucrats and politicians decide how to distribute public funds – ex: Italy and France

- a. Disadvantages: This system is not very transparent because there is room for lobbying and prestigious projects have better chances, so the arts can be influenced by the state.

2. The Secretary of State allocates funds to Non-Departmental Public Bodies (NDPBs), which in turn distribute them among various projects and applicants. NDPBs are part of the state, however they have independence to decide how to support the different projects and which ones are the most appropriate to receive public support – ex: the British system.

- a. Advantage: Less room for lobbying and less danger in State's influence of the cultural sector – the State cannot influence the direction of cultural policy;
- b. Disadvantage: The State can dry up the funds of the NDPBs.

3. **A council of arts' experts gives advices about artistic quality and the way funds should be distributed** – Those councils only have an advisory role; the final decision about the projects that will be supported by the government is responsibility of the Minister of Culture.
- a. Advantage: The government can shape cultural policies without making any judgement on artistic quality;
 - b. Disadvantage: There is also some room for lobbying with the risk that funds can go always to the same cultural institutions.

In addition to this mechanisms, it is also important to refer a warning by Van der Ploeg: “One should not forget that supply subsidies allocated by committees of experts might lead to high culture for a small elite” (Ploeg, 2002, p. 349).

2.2. Why do Governments Support Arts and Culture?

“The oldest and most often invoked argument is that art, whatever its form, is a public good” (Ginsburgh, 2001, p. 759). Why? Because, as the author referred, it can benefit not only those who attend or see it, and who pay for it, but also all other people, who do not necessarily wish to contribute voluntarily to its production or to its preservation (for example, museums), so they are free riders. We can easily understand that artistic activities also produce externalities to all civilization and this effect cannot be sold on the marketplace and it is very difficult to be measured. We are talking about intangible assets, such as civilizing effects, national pride, prestige or identity; those effects are not directly quantitative, nor visible in the short-term, which can complicate economic and political decisions.

However, some authors do not see all arts as being public goods, because we have to pay for some of them, sometimes they are even private goods, with the characteristics that we know in this kind of goods, such as being rival and excludable goods (Ginsburgh, 2001, p. 759). Despite this, even the externalities of the private goods can be seen as public goods.

There are so many arguments that can support the legit intervention of the government in some fields and sub-fields of arts and cultures that sometimes can be even a right for an artist. Ginsburgh (2001, p. 3) proceeds: “arts are also said to yield economic externalities. Old castles, well known opera houses or orchestras, and art festivals attract visitors and tourists”. This is a national issue and governments must protect heritage in all forms, not only because it is a public good and a right for future generations, but also because tourism is a business and the contribution of arts and culture can be crucial in attracting tourists. We can call this the “spill over effect” not only for costumers but also for producers, which means that individual consumers may attach an option value to the arts: even though they do not attend arts events or view historical artefacts personally, they may value them in the form of the prestige of a country or community from their existence. So individual satisfaction may be derived from the fact that others may enjoy cultural events (Ginsburgh, 2001).

Other way to see the need of public intervention is to conceive the arts as a “merit” good (Ginsburgh and Throsby, 2006): it is important that certain goods and services are available to everyone because society believes they are good for all of us.

Education can be an example: we believe that society functions better when everyone has a certain level of education. It is pretty much the same with the access to arts and culture. As well known, almost all the people believe that educated individuals commit less crime and are more likely to help others, for instance. As Ruth Towse (2010, p. 34) says: “Some people regard the arts and heritage as merit goods and believe that cultured society is a better one”. Some individuals, particularly the youngest, tend to underestimate the benefits of such investment because it is only in retrospect that its benefits come apparent.

Equity reasons can also be a strong argument to protect and defend the public support in this field. It is more a political issue than an economic one and has to do with ethics and the purpose of a society. Arts should be made available to everybody; so low-income consumers, who cannot afford to pay, have the right to access to some areas of culture and arts, at least. Of course this is linked with Baumol’s cost disease that we have also referred, which means that the price of performing arts will increase due to the inflation of prices in other market segments as consequence of its investment and the increasing of productivity. Hereupon, if performing arts are not supported by donors, private funds or subsidized the relative prices can increase, too much for some people.

This is a sensitive theme because it has connections with many perspectives about economy and the markets, but also with more sociological areas, as the future generations and social inequalities, for instance. Some authors stand for public investment and support of arts and culture mainly due the heritage factor, which means that is our responsibility to preserve and increase the heritage that we received. Not only because it is part of our common memory, identity and prestige, but also because it can be a source of revenue and differentiation in terms of tourism and other business areas – besides the traditional arguments, like the historic importance. “If the arts are left to the market they will not be priced correctly, and thus will be under produced or not saved for future generations” (Towse, 2010, p. 34).

In addition to the spill over effect over consumers, some authors refer the spill over effect over other producers as well (Ginsburgh, 2001). This effect is translated in the producers’ side when they benefit from the expenditures on the creative and performing arts through the creation of a cultural ambience attracting skilled factors of

production. In case of tourism, it acts as a leader in attracting business from which industries will benefit, directly or indirectly. The spills over benefits are of national importance in small economies with a comparatively large tourist industry. We may say that Florida (2004) broadens this effect, arguing for the importance of cultural clusters to the global economy, almost naturally following them.

In short, cultural policies play a fundamental role in shaping and develop the economic profile of the cultural sector. Cultural economists have had a considerable interest in how cultural policy works and what are the effects of certain policies and actions. As indicated before, cultural policy seeks to achieve certain goals by guiding the direction of the cultural sector, often by counteracting market outcomes, because sometimes it may fail.

In the next section it will be presented how governments can do this and with which instruments, if by public expenditure, by regulation or mixed policies. In many cases governments may finance cultural organisations only because private finance is deemed to be insufficient or, perhaps, inappropriate.

2.3. How can Governments Support Arts and Culture?

Public choice analysis – based in the analysis of collective decision-making, both market and public – is an important economic perspective for the cultural field (Peacock, 1997, p. 13-16). Its nuclear presupposition is that any attempt to rectify or correct a market failure may be frustrated by some government failure. Correcting the market is not an easy task, so it is common to see the failure in cultural policy, however is important to understand what could be considerate failure or not, in terms of cultural policies, because sometimes these policies do not search for profit or monetary results, they are often long-term orientated.

Different countries with different cultures and traditions must have different interventions from the governments. There is no universal solution and this applies not only to the countries but also to the individual artists. Different artists have different responses to public incentives and they also differ in the type of incentives that cultural policy uses. It is a complex area of intervention for governments, but a challenging one due to all the importance of this subject for nations, as we have seen until now.

Some traditional differences between countries will be presented in order to understand the importance of having a big variety of instruments of intervention through different cultural policies³. For instance, it is not uncommon in European countries to find performing arts facilities, such as orchestras, opera and theatres, being wholly financed by the state. Examples of this are countries like Austria, Germany, France and Portugal, for instance. On the opposite side, countries like Canada, Australia, United Kingdom and United States have a history of involvement between private companies, individuals and non-profit organisations in the provision of the arts and culture. What differs between all of those countries is the balance between public and private ownership that can be explained by the general cultural differences, which changes the fit of cultural policies for each country.

From a 2006's study, in most developed countries, arts are supported by public funds, though the volume of public intervention can be very different. It is very low in the United States (\$3 to \$4 *per capita*), reaches \$16 in the United Kingdom, \$19 in

³See http://www.culturalpolicies.net/web/files/138/en/2011_COM_Policy_System.pdf (Council of Europe/ERICarts, 2011)

Australia, and \$30 to \$40 in continental Europe - differences in behaviour between the Anglo-Saxon and other cultures (Ginsburgh and Throsby, 2006).

It is pretty much consensual among different authors that there are no universal policies that can fit in every country with the same results. It would be much easier if there were a golden rule for all different cases, but there is not. There are a lot of factors that can influence what would be the best approach to invest or influence arts and culture in different societies. However, the best explanation seems to be the fit between the tradition, the values of certain countries and policies (Towse, 2010). This conclusion allows us to understand why in countries like the United States governments are more liberal and the large majority of investment in such areas is from privates, while in Europe, for instance, privates do not want to invest so much – and they often follow the state funded artists and activities, instead of promoting diversity. It is a question of culture, education and heritage (Silva, 2007). Governments have the difficult task of understanding how investment and incentives can be done in the best way as possible. It is the need, the values and resources that guides which are the best policies for a certain country or local region.

2.3.1. Instruments

Governments can use different kinds of instruments for different policy measures. In a first level, those instruments can be distinguished between direct and indirect ones (Ginsburgh, 2001).

Indirect policy measures are related with public funds, including lottery funds that are channelled to private companies, or to the artists. These operations can be done through subsidies, or tax relief, and are more common in the United States, in the form of tax deduction or exemptions to donors.

In brief, the indirect or less direct instruments and policy measures:

1. Guarantee artistic freedom – which is difficult and always arguable;
2. Protect artists from being plagiarized, or against alterations or destruction of their works;
3. Ensure financial rewards to living artists and to their descendants during as much as 70 years after their death, in the form of copyright – the idea is that without protection, it is more probable that artists will be less productive – the same idea is used for explain the relevance of industrial patterns, for instance.

In continental European countries it is much less common to see this indirect subsidization system. Through the instruments that governments have, some cultural policies related with financing can be achieved with measures like:

1. Levy taxes on incomes, goods and services, property and profits;
2. Have discriminatory taxes with lower or zero rates of taxation on certain items;
3. Give subsidies to private cultural organisations:
4. Directly by giving sums of money;
5. Indirectly by waiving the tax on gifts that individuals or business sponsors give them;
6. Governments can also directly own and finance arts and heritage organisations.

There are more alternative instruments that governments can use; for instance the prohibition, completely or partially, of export ancient artefacts – Mexico, Italy and Greece are some examples (Ginsburgh, 2001).

2.4. Cultural Statistics

Statistics are one of the biggest problems in cultural policies. In the large majority of the countries the main goals of cultural policy are quite the same, often general goals, such as promoting interest in the arts and heritage or enabling younger people and those with disabilities and social disadvantages to participate in cultural experiences. However, cultural economists have attempted to encourage governments to be more explicit in their ideas in terms of policy making. In particular, they have had an influence on the generation of statistics that can be used to evaluate policies. This issue may seem obvious now, but twenty-five years ago it was almost impossible to find, if any, reliable statistics about the public expenditure, for instance related with subsidized arts or the sectors of the population that were benefiting from them. This happened because there was a certain resistance in treating arts and heritage like other goods. Currently, this view is changing, and it seems that the tide has turned and the creative industries are regarded as a high-growth sector of the economy (Ginsburgh, 2001).

Despite all the considerable progress in improving the data available for policymaking and public understanding, the results are still far from perfect yet. It is also important to mention that even between countries with well-established cultural policies over the years it is difficult to find common definitions and categories. Data related with important subsections of cultural sector, for instance the artists' labour markets, are still far from satisfactory, even in countries with good data and statistics available in other areas, such as the developed ones. Even if we take into account that cultural and artistic activities are vulnerable to informal economy (for example, due to the amount of voluntary work), and then difficult to identify and measure their outcomes, there must be a more efficient effort, in developed countries at least, to properly include them in the national accounts (see the Compendium/ERICARTS project, under the European Council⁴).

One of the most important conditions to create data and statistics available for analysis and comparisons between countries is to standardize all economic activities, and then avoiding problems such as the double counting (Towse, 2010). For this purpose there is a system called "Standard Industrial Classification" (SIC) that is now

⁴ <http://www.culturalpolicies.net/web/ericarts.php>

standardized worldwide, although it remains confusing in classifying some cultural sectors. Another problem linked to the lack of precision of the not official data collected is the possibility of exaggerating and managing the statistics that politicians and interested parts have – it is not an exclusively cultural problem, but the amount of informal activities makes it especially incisive in this field.

The current interest in the economic profile of the cultural sector, arts' data and the so-called creative economy is in part the proof of the recognition of the cultural sector, because historically, all the sectors that now have more data collected were the sectors with most importance for economic development (Towse, 2010).

2.4.1 Problems with interpretation and comparisons

Following Towse (2010), besides the availability of data (and reliable data) knowing how to use it is another problem. It is not difficult to manipulate the results for political reasons, even the years where data were collected can influence and help individuals to reach the point they want; for example, if the Ministry of Culture wants to know if the museum visitors are rising to raise the budget or to publish that number for voters, they can choose years or months with special exhibitions to manipulate the trends. On the other side, the measure of audiences in important events, like festivals or street art may easily be misrepresented.

International comparisons are another type of problem. The comparison is not straightforward and never fully meaningful due to currency questions because outside common currency areas, exchange rates have to be used to convert financial data into commensurable units. The only way to do this correctly is using the “purchasing power parity” (PPP) exchange rate, which is not always possible to find. That is why lobbyist can easily use unofficial and not standardized data in their own favour.

Finally yet importantly, perhaps the most important analytical mistake is the de-contextualised interpretation of data, especially for comparisons, which means not to take into account the differences, the singularities of what is being measured. Among other examples, the "blind" comparison between audiences of different activities, or different places (rural/urban, for instance) may result in dangerous analysis, namely concerning policy recommendations.

2.5. The Portuguese Case

In Portugal, the first thing that we have to consider, in order to understand this case, is the profound asymmetry between Lisbon and Porto and between them and the rest of the country. The first two cities concentrate most of the cultural demand and supply in terms of performing arts activities. Not only because they are the largest cities, but also due to other factors: the facilities are more and better in those cities; the population is more qualified (socially and professionally), then more demanding towards the quality of the activities (including the tourists); and, in general, the cultural field responds positively to clustering economies, auto-generating synergies.

Historically, the development of the cultural field in Portugal owes a lot to democracy (Silva, 2003). In April 25th of 1974, the country emerged from a dictatorship, with almost no investment in the cultural sectors, and with a censorship system that prevented freedom to create and consume cultural goods. During the period of European integration, (1986-2006) Portugal watched several possibilities of investment in many areas with European funds, and culture was not an exception. However, the challenge has been to continue and improve the quality of the investment with positive and sustainable outcomes (Santos, 1998 and Garcia, 2014).

We will briefly characterize the sector in Portugal, starting with a framework within the European Union and then presenting the major guidelines and the main characteristics of the cultural policies.

In the European Union context, Portugal is an intermediate developed country, with a medium size (about 10 million residents in 2011), where around 43% of the total population lives in the two major urban centres, Lisbon and Porto. In terms of government administration, it is only comprised in two levels: the central government, which is assumed by the national government, and the local government – 308 municipalities, the large majority is of small sizes (Silva *et al.*, 2012).

If we consider the development of municipalities' role in cultural policies, from 1976 onwards⁵, what stands out first is that its role has grown in volume, diversity and

⁵ 1976 is the year of the 1st Constitutional Government, after a revolutionary period between 1974 e 1975.

importance. Culture tended to shift from a non-place in local policies to the status of priority intervention, acquiring a relatively central political position (Silva, 2003). From the mid-1980s, the national government used the release of successive programs to implement cultural facilities across the country, and thus establish partnerships between national and local authorities, for the construction and management of facilities as libraries, archives and museums; and for the first time in Portugal, during 1990s and the first decade of this century, we saw a decentralization of culture, mainly as consequence of the increasing in the political interest of town councils and the national government, as well the desire of both in cooperating with each other, being town councils indispensable partners in devising public policies on culture (Silva *et al.*, 2012).

It is possible to find a very interesting predominant pattern in local cultural policies in Portugal – Silva *et al.* (2012) point out that when we look for patterns of local action, one immediately stands out among many and it does not vary significantly with the various local political guidelines of the elected parties, which seems to be a very interesting phenomenon for some authors (Silva *et al.*, 2012). Besides some normal differences, we can assume a political consensus on the local cultural policies – since the 80's that the importance of cultural policies are increasing with more intervention at the local level and consequently with the increase of the municipalities' role in the overall of public policies on culture.

Still following Silva *et al.* (2012), the mainstream of these policies is organized according to three essential goals with respective strategies:

1. Conservation and enhancement of local heritage:
 - a. Promotion of material and immaterial heritage;
 - b. Intervention (alone or in collaboration with the national administration) in the preservation, recovery and management of heritage;
 - c. Support to local associations.
2. Development of the local cultural and artistic offer:
 - a. Construction and management of cultural facilities (libraries, archives, museums, sites, concert halls, etc.);
 - b. Programming cultural events such as shows, festivals, public festivals, often free of charge;

- c. Partnership with local associations and commercial promoters of cultural events;
 - d. Holding regular events that project the town in the region and in the country, by enhancing unique traditions, expressions or motifs.
3. Training of new audiences for culture:
- a. Support to local associations;
 - b. Holding or supporting awareness-raising programmes and artistic education in schools.

The authors present another pattern that emerges: the focus on the short-term and the corresponding reduced focus on the planning and sustainability of a project with the human resources and technical skills needed for a long-term action (Silva *et al.*, 2012).

Some aspects that we need to consider in terms of the patterns are also related with economic and spatial features of each region, and not only in a national level, because sometimes this is one of the major weaknesses of the policies, due to the excessive dispersion that characterizes the administrative organization of Portugal – as was said before, more than 300 municipalities, most of them small, without support between regional level and central government. This issue often interferes with the implementation of cultural policies that are much more complex and need much more space (and time) to be implemented than the region and local level (Silva *et al.*, 2012).

“Over the past 25 years, local councils have also shown their ability to respond positively and in a timely manner to challenges and investment opportunities, partnerships and assertions produced by national and European programmes” (Silva *et al.*, 2012, p. 7) – some examples are mentioned by the authors, such as: cultural democratization; the new boost to popular traditions; the enhancement of heritage and cultural assets; culture as a lever for development; the education of audiences; cultural tourism; networks; and creative industries.

According to Silva *et al.* (2012), in a general picture, municipalities have gained more legal and practical powers over time since 1976 because they acquired a cultural

technical structure, in part due to the generational, professional and political background of councillors responsible for culture. Currently, councillors are younger than they were in the past and, as a consequence, they have better academic skills and are more familiarized with the political discourse of democracy and cultural development. They are better able to communicate with the artists and it is currently more common to see them as each other friends. “Often, the mayors themselves take the implementation of local cultural policies into their own hands” (Silva *et al.*, 2012, p. 8).

As we have seen until now, there has been a global pattern that is predominant in all the cultural policies that were implemented in the country in the last 25 years. Municipalities began using all the resources in order to develop cultural policies in their domains and, through partnerships with local associations and schools it seems proven to be crosscutting to political differences, achieving a high level of social legitimacy. The attitude of municipalities in face of this subject has contributed significantly to the important increasing of public cultural facilities and activities in Portugal.

Nevertheless, the mentioned pattern of action suits the structural reality of the Portuguese state – highly centralized – with an unbalanced spatial organization and also with a civil society largely dependent on public authorities (Silva *et al.*, 2012).

If we look at the city of Porto, where our empirical research will be focused, we realize the importance of the municipality, either to put pressure on the government’s investment in culture or to ensure scale effects through partnerships – as a consequence of the combination of local and national policies that have contributed to the cumulative and complementarity effect – also medium-sized coastal cities and some urban hubs of inland regions have benefitted from this complementarity effect, that is a result of the implementation of policies in different levels and dimensions. The recognition of the heritage centre as World Heritage in 1996 and Porto European Capital of Culture are two symbols of this trade-off, which has proved to be real until 2001 at least.

In sum, and still following Santos *et al.* (2012), there are three main factors of challenge that can be distinguished:

1. Local demand for culture:

- a. Transforming the demand for culture – audiences are more heterogeneous, younger, more educated and more demanding. Thus, local cultural policies are no longer faced only with the classical problem of the expansion of the audiences, as they also have to deal with the emergence of new audiences and their standard practises.

2. Local artistic dynamics:

- a. Specific places with more cultural activity started developing hypes and trends – becoming appropriated places in terms of facilities and environments to produce specific genres of arts, for instance (music festivals are a good example). Local, national and international synergies, as well as positive externalities have taken place in several municipalities, denoting the sustainability of their cultural dynamics.

3. Policies:

- a. Other policies than cultural were brought to discussion and changed the paradigms of cultural policies which may have profound implications on the design of public policies, challenging the long-term consensus established within countries, such as Portugal – the economic hegemony of cultural action is an evident example.

The authors summarize the Portuguese case with some points that make this case a very interesting one for research. Portugal has interesting characteristics when compared with other developed countries, because democracy became a reality only in the second half of the 1970s and the country faced an entrance in the European Union in 1986. As mentioned before, Lisbon and Porto concentrates the large majority of the cultural services and half of the population lives in those two metropolitan areas. With the exception of the islands (Azores and Madeira, with an autonomous regional government), there are only two territorial levels of administration: the national government and 300 municipalities, most of them small. Portugal experienced a late and

very intense process of modernization, due to the political situation of the country before the 80's, "[which] results in structural transformations for the economy, the openness to the outside world, the education, the gender relations, the exposure to cultural industries, and the secularization of behaviours and the centrality of the new middle classes" (Silva *et al.*, 2012, p. 18). The Portuguese cultural policies tended to be focused on three main purposes – heritage, offer and audience – implementing strategies of intervention by public authorities, with a focus on partnerships with local associations and schools at the same time, and following the national and European political guidelines (mainly through the financial resources available at the European level).

Despite all this process of integration in the European Union – following European cultural guidelines and policies, using European resources in order to develop the sector and all the effort at a local and national level in terms of governance and policy making – currently, some difficult and challenging changes are taking place, affecting the entire sector and some of the work previously done. The crisis and its implications in countries like Portugal, whose cultural infra-structuration is historically recent, were very significant throughout the first decade of the 21st century and became particularly dramatic with the financial crisis that began in 2008.

2.5.1. Currently

The Ministry of Culture (created in 1995) was extinct in June of 2011 and since then there is a Secretary of State directly dependent on the Prime Minister. This transformation was done as a measure of resources rationalization due to the crisis in the country and the need to reduce the public expenditure, in order to fulfil the deal done with the financial external help (commonly named "Troika"). This change has completely transformed the cultural policies in Portugal, as well as the role of the Government in supporting the arts and culture: the cultural public expenditure has drastically diminished and the government design has profoundly changed, re-concentrating procedures, services and activities.

A study of the Portuguese subsidized players done for the General Directorate of the Arts (DGArtes) (Santos and Moreira, 2013) reveals that the market is far from being sufficient for maintaining the cultural activities in a sustainable way. Public intervention is necessary in order to provide support in terms of infrastructures and financing, otherwise the prices of arts will be unbearable for customers, due to fixed costs. One of the characteristics that this study points out is the lack of private investment and care regarding this subject, which is not only a cultural trait in Portugal but also in other European countries. However, some particular partnerships in different forms can be seen locally for distinct reasons, such as trade of services or renting spaces with lower prices for performing arts.

The public investment has been drastically reduced due to the 2008 crisis, when public spent had already to be reduced. Between 2009 and 2012 the number of entities supported by DGArtes decreased 20% and the large majority is located in the regions of Lisbon and Vale do Tejo and secondly in the North region, which means more centralization and less support for regions with less infrastructures and population (Santos and Moreira, 2013). On average, the public investment for supporting arts and culture in 2012, in terms of financing, was reduced in 50% since 2009 (*Idem*). For instance, the areas of music and dance saw their budget of 2 million euros in 2009 being reduced for 1 million in 2012.

	Dance	Music	Theatre	Mixed Arts	Plastic Arts	Total
2009 (€)	1963867.5	2040007.2	11839167.0	3950000.0	355163.0	20148204.7
2010	89.2%	99.9%	93.2%	87.4%	69.2%	91.9%
2011	83.6%	90.5%	82.1%	79.3%	101.4%	82.9%
2012	46.1%	59.7%	6.1%	55.4%	29.8%	54.9%

Table 1 – Evolution of the direct financing between 2009 and 2012, per area artistic area (2009=base value) (%) (Santos and Moreira, 2013)

The past Ministry of Culture defined culture as "an indispensable element in developing intellectual capabilities and the quality of life, important as a factor in citizenship and a key instrument for a critical understanding and knowledge of the real world" (in <http://www.portaldacultura.gov.pt/ministeriocultura>, that no longer exists) (Silva *et al.*, 2012). However, without a Ministry of Culture, policies do not have the

same weight as in the past and the investment in arts and culture has been drastically reduced. For instance, the national museums' national budget covers almost only their fixed costs, being sub-financed for their activity (such as exhibitions).

The past role of the national government in supporting arts and culture is no longer available for now. The government main and more urgent issues are more directly related to the growth of the economy.

Creativity can be one of the most successful tools in order to manage the failure of public investment and support. For instance, creativity in the using of the available resources has to be improved in order to fight the lack of instruments and funds for cultural policies and to face the retraction of the welfare state due to the actual crisis that dried up the public funds and subsidies for this sector. “The creative, identity and economic value of culture can serve as levers for innovation and development processes based on a richer exploitation of immaterial resources and of personal abilities and skills” (Silva *et al.*, 2012, p. 19) – this can be achieved using interdisciplinary work, which means that it is possible to cross different sectors and disciplines in order to take advantages of synergies and creating benefits for more than one sector. In difficult times, management have to be innovative and discover solutions through “out of the box” ideas or at least less standardized measures, aiming to create and reach opportunities. It is in these critical periods that managers and politicians have to be real leaders and encourage entrepreneurs of different sectors or even competitors to join and work together.

Under these circumstances, the cultural and creative industries may be important elements for partnerships with non-profit culture and arts. We must note, however, that this does not mean a substitution of the subsidized sector, although, in the last years, the rise in the support of the creative industries seems to accompany the diminishing of the public assistance to the arts (Simão, 2013).

2.6. Arts, Culture and Tourism

Tourism has a strong relationship with arts and culture, however, sometimes their synergies are not efficiently used wisely because it is necessary awareness about the existence of both parts and to create some kind of empathy and networking in order to promote successful partnerships. Thus, it is important to understand the benefits that both parts can have and how active relationships can be profitable for both areas without the exploitation of one side. According to a study from OECD, “culture and tourism are linked because of their obvious synergies and their growth potential” and it is important to have in mind that “cultural tourism is one of the largest tastes growing in global tourism markets and the cultural and creative industries are increasingly being used to promote destinations and to increase their competitiveness and attractiveness” (OECD, 2009, p. 65).

During the 20th century, cultural resources were seen as being more a part of the cultural heritage of destinations, which was also much more related with the education of the local population, tradition and as reflect of the cultural identities. On the other hand, tourism was largely viewed as an activity more related with leisure and entertainment, which was more separated from the everyday life and the culture of the local population – resorts and other activities directed only for the tourists without link those experiences with the countries’ traditions. However, “this gradually changed towards the end of the century, as the role of cultural assets in attracting tourists and distinguishing destinations from one another become more obvious. In particular, from the 1980s onwards “cultural tourism” became viewed as a major source of economic development for many destinations” (OECD, 2009, p. 19). Why?

1. On the demand side:

- a. Increased interest in culture, particularly as a source of identity and differentiation in the face of globalization;
- b. Growing levels of cultural capital, stimulated by rising education levels;
- c. A desire for direct forms of experience (“life seeing” rather than sightseeing);

Growing importance of intangible culture and the role of image and atmosphere.

2. Supply:

- a. Development of cultural tourism to stimulate jobs and income;
- b. Cultural tourism was seen as a growth market and “quality” tourism;
- c. An increasing supply of culture as a result of regional development;
- d. A desire to project the external image of regions and nations.

According to Europa Nostra (Nostra, 2006, p. 15) “more than 50% of tourist activity in Europe is driven by cultural heritage and cultural tourism is expected to grow the most in the tourism sector”, and in the U.S., surveys of “historic/cultural travellers” in 2007 indicates that “40% of domestic tourists are influenced in their choice of destination by a specific art, cultural or heritage event or activity”.

Currently, the destinations that attract more tourists in the world are those that use their cultural heritage and create synergies between arts, culture and tourism, in order to attract people that want to discover and live new experiences out of their comfort zone. Tourism is becoming an activity of interest for curious and well-informed people about the foreigners' traditions – travellers who want to experience and not only be entertained by the traditional standard packages of vacations. “There is growing evidence that culture and tourism may act as a powerful combination to attract people and investment” (OECD, 2009, p. 61). In order to develop comparative advantages when compared with other destinations, it is important that countries start to develop more their intangible and tangible cultural assets, because modern travellers look for local distinctiveness in a world submerged by the phenomenon of globalisation.

According to Richards (1996, p. 24), the definition of cultural tourism is briefly described as being “the movement of persons to cultural attractions away from their normal place of residence, with the intention to gather new information and experiences to satisfy their cultural needs”. Most of these needs can be seen just as entertainment, to be passively enjoyed only, without any intention of education, openness or critical sense – this cannot be confused with art or culture, because, on the other hand, there are also cultural, creative and artistic experiences that tourists and travellers look for when they are out of their homes.

Several authors agree that the destinations that want to be "in vogue" aiming to be modern destinations for travellers all around the world and to be touristic sites with a sustainable tourism, need to create a full portfolio of arts and cultural attraction and even events that can cover the entire year. Getz (2007) calls this "The Portfolio Approach" – in order to attract tourism in a consistent and sustainable way, organizations must consider the cultural offer for the entire year, with focus on more than one specific target, such as local events, regional events, periodic hallmark events and also occasional mega-events for different audiences and different seasons (Getz, 2010).

Hereupon, arts and tourism can be strong partners with benefits for both sides and these partnerships can be done through different forms. Partnership is essential but sometimes is difficult to reach an agreement between both parts.

Following Getz (2007), the collaboration may take several forms: aiming to sell artistic and cultural products as tourist attractions; being a consortium of arts and cultural institutions marketing themselves and encouraging routes to travel; or also only being used for image making and cultural branding strategies for destinations.

The most common challenges in this subject are the fact that tourism, as a powerful industry, usually dominates arts and culture, so it exploits them as assets, often with no trade-off. The arts and culture tend to function under informal organizations, and their main focus is the symbolic value – contrasting with the market-driven logics of tourism. "There is a need for co-ordinated arts tourism strategies at local, regional and national levels", in order to avoid this unbalanced collaboration where tourism clearly dominates, according to Getz (Getz, 2010, p. 10). OECD (2009) evidences that in Canada, for instance, for every tourist dollar spent between 1987 and 2002 less than CAD 0.06 was received by the entertainment sector (which includes, among others, culture and heritage institutions) compared with CAD 0.37 spent on transportation, and CAD 0.16 spent on accommodation, food and beverage (OECD, 2009). However, the trend for travellers and tourists is to save money in the accommodation and alimentation, in order to spend it in entertainment activities, such as nightlife, visit cultural sites, and experience the traditions and culture of the countries

The complexity of both tourism and cultural sectors is one of the reasons why implementing a partnership could be so challenging. It implies that platforms must be

created to support collaboration in a sustainable way, with benefits for both parts and some mechanisms (namely national and local policies) must be found in order to ensure that these two sectors can communicate effectively (OECD, 2009).

Getz (2010) points out some pre-conditions to fulfil arts and tourism partnerships:

1. Sell the benefits of partnering with tourism;
2. Establish a coherent, effective arts tourism network at local, regional and national levels;
3. Specify benefits to be gained by the artist in order to have a strategy and negotiate strongly.

There are also some fundamental elements of the arts-tourism strategy that Getz (2010) mentions:

1. Obtain necessary funding and other support from tourism;
2. Secure an effective and authentic role for arts in destination branding and marketing;
3. Equal participation in tourism decision-making and ensure necessary research and evaluation.

In a survey done in Ireland to their visitors, about what kind of activities they preferred and what were the suggestions that they wanted to give for Irish tourism, the majority of tourists suggested more traditional and cultural experiences, more live performances that could be optional on their tours, and more sites of historical significance (retrieved from Getz, 2007). The growing scope of “culture” and of cultural and creative industries means that regions also need to adopt a broad approach to culture, and this includes not just physical heritage, but also intangible heritage and contemporary creativity – “partnerships will also need to be broader as well, going beyond the bound of traditional heritage tourism and embracing artistic creativity, the lifestyle and atmosphere of the destination” (OECD, 2009, p. 65)

According to the European Travel Commission of 2005 (*apud* OECD, 2009, p. 66), “Cultural tourism in Europe is traditional rather than innovative. It was agreed that the traditional cities for cultural tourism in Europe are not innovative enough, resulting in a loss of market share in favour of relatively new destinations and cities with innovative products.” The Association of Regional Observatories 2005 (also cit. in

OECD, 2009) argues that one of the reasons is because competition has pushed local and regional policy toward the easy solution, in other words, homogenisation of the place product, based on the argument that the market is the same due to globalization, which seems to be wrong.

As already suggested above, governments are an important part in the relationship between both sectors – tourism and culture. It is responsible for cultural policy and for the conservation of cultural heritage and can have an important role in leadership, which is required to provide a long-term vision and positioning. This long-term view is really important because changing the image of a place or increasing its attractiveness is not something that can happen fast, sometimes it is necessary to wait for a period of 20-25 years to see the results and to realise the full benefits of a well sustained intervention in this fields. A whole series of steps need to be taken to develop a successful synergy between cultural sector and tourism, and these need an adequate policy framework to be established, being time (medium/long-term) a crucial factor, namely for a clear and solid identification of common interests and possibilities of their implementation (OECD, 2009).

The problematic about funding culture (already discussed) is one of major issues in linking tourism and arts – and often a heavy reason for the arts to use tourism to increase their audiences and incomes. Nevertheless, it is important to find the right mechanisms to ensure the fair return of the economic benefits from tourism to the cultural institutions that, not only generate them, but also spend resources in their participation (a common example is the increasing expenditures on heritage preservation, due to the depletion caused by mass tourism). OECD and EU recommendations point out the need to make visible the cultural, social and economic value of culture (OECD, 2009), which means to enhance the sustainability of tourism: "Sustainable tourism involves the preservation and enhancement of cultural and natural heritage, including the arts, local gastronomy or the preservation of biodiversity. Major challenges for sustainable tourism include: preserving natural and cultural resources; limiting negative impacts at tourist destinations, including the use of natural resources and waste production; promoting the well-being of the local community; reducing the seasonality of demand; limiting the environmental impact of tourism-related transport;

and making tourism accessible to all. An important number of sustainable transnational thematic tourism products and services have been developed with potential to contribute to tourism growth (such as cultural routes crossing several countries, cycling paths, eco-tourism products, eno-gastronomic tourism, protected natural sites, or tourism capitalizing on industrial heritage)” (Eurostat 2014, p. 188).

Despite all the referred advantages of the synergies between culture and tourism, we have to be aware of some risks. For instance, the pressure of tourism over the creative arts sometimes can damage the authenticity and the quality of the final product and this can be dangerous, not only for the arts but for cultural tourism too. Another risk is the pressure that cultural tourism may place on the cultural infrastructures, which can also damage the conditions where the performances are done. As referred above, this kind of risks also involve economic pressures over cultural preservation that should be taken into account. As a matter of fact, tourism can also be crucial for supporting arts and culture in sectors such as cultural heritage, creativity or cultural production due to the increase of attendance as a consequence of the visitors that experience those performances or sites paying for it. According to the (OECD, 2009, p. 62), “The most successful cultural and tourism regions seem to be those that manage to lead inclusive groups of stakeholders from both public and private sectors in developing and marketing a wide range of cultural and creative resources for tourism”.

Local communities play an important role in the final product that the destinations configure. They are like a prerequisite for the touristic success of a country or a region. The communities participate actively (although often indirectly, just because they live there) in the tourism experience, playing a role, not only as hosts but also contributing to the definition and the meaning of a place and its atmosphere.

The support of local communities can highly influence all the marketing of a region or a country, which means that some alliances should be done between them and the tourism sector, planning strategies and creating a positive image of curiosity and sympathy, intending to generate a good atmosphere to attract and receive the travellers as well as possible.

In conclusion, there is a consensus related to the potential of the reciprocity between culture and tourism: when working together, both have the strength to turn regions and countries in special and distinctive touristic destinations, attracting more

tourists and increasing the competitiveness of such places, due to the experiences that each destination can provide to travellers. For those motives, arts and culture are increasing their value in the marketplace, not only in the cultural market but also in the tourism market.

3. Arts and culture as touristic business

For Portuguese governments, tourism is a central activity and a strategic sector for national economy since a long time ago: strategic for employment (about 8% of national employment), strategic for economy (about 10% of GNP) and also strategic for the environment, if well regulated. Estimates of the World Tourism Organization also refer that tourism will grow until 2030 at a tax rate of 3.3% per year, with more than 40 to 43 millions of tourists *per year* until that date, according Gonçalves *et al.* (2014) in a PwC's (PricewaterhouseCoopers) report.

According to the National Bank of Portugal, in the current period of recessions and crisis, the Tourism Balance increased 8.3% relatively to the previous year of 2012 with 6130 million of euros of surplus (see INE, 2013 and Gonçalves *et al.*, 2014). This is consequence of the high increase of the revenues when compared with the expenses – the coverage rate of “Traveling and Tourism” has been increasing from 255.1% in 2009 to 296.5% in 2013 - which means that the revenues are over the double the expenses. This can explain and demonstrate the high profit potential of this market to develop not only tourism and economy but also to be related with other areas that can provide synergies for both parts (INE, 2014).

Like we saw on the literature review: linking arts with tourism can create revenues through the tourists and the tourism infrastructures contribution. Portugal has the resources to be demanded as a country with history, heritage, arts, culture and native talent – not only as a golf place with sun and beach, or a cheap place to have vacations.

PwC experts argue that, given that most of the international tourism is by proximity, Portugal should aim to the attractiveness of the European market that is distant on average only by 3 hours and which presents the best of GDP growth prospects for 2014 (Gonçalves *et al.*, 2014). Also, the city of Porto won the European Best Destination's award ("Europe Best Destinations", 2014), which is a very relevant factor in attracting tourists from all segments, not only from Europe but worldwide.

If the culture and arts depend exclusively on public funds, they will die soon. Public investment will always be important, especially in experimental areas, heritage and performative arts, and have to be improved. However, we need to call attention of private investment, and to frame and regulate its conditions, in order to get the cultural

sector more autonomous and able to respond to tourism pressures in a sustainable way. In abstract, if this would be implemented, governments could limit their concerns to the areas of culture and arts with less audience and less market assets (namely where the Baumol disease evidenced).

Seeing these fields as businesses could be difficult for some artists and arts' managers, but in these difficult times, without this perspective, private stakeholders will not invest without guarantying profit, because some countries simply do not have that tradition. Currently, it is crucial to be creative, dynamic and adaptive to the difficult circumstances that we are facing with the failure in public finance due to the actual crisis (Silva *et al*, 2012). According to Gonçalves *et al.* (2014), 46% of total services exportations in Portugal are from tourism and they are also 14% of total exportations in 2013.

The main challenge is the need of calling the government's attention for the importance of the public policies for economies' and societies' development: What could be the best way to do this? In order to attract the investment, arts and culture need to show perspectives of returns, otherwise will be much more difficult. If we prove, not only the importance of this subject for society's development, but also the potential in terms of economic profit and growth, probably we can turn this field in a more attractive one, both for the government and private investors.

Instead of exporting only "pre-guaranteed" artists and genres, like fado (now a most valuable asset, as World Heritage) or Joana Vasconcelos⁶, it could be possible to create an image of a country with diversified talents and qualified cultural programming during all year, with native artists and original/traditional performances, in order to attract foreign audience in every season. Typically, Portugal is a destination for rich tourists that spend their time playing golf and come with their families. Why do not creating cultural packages for the whole family with routes and tickets to see shows, cultural places and live performances? Rural and local cultural tourism have increased over the last two decades, whether linked with big events or not (see some of the music summer festivals, like Primavera Sound, in Porto, which attracts many tourists, national and non-national; the Romanic Route in the Northern Region is also a sustainable

⁶ These are just two well-known examples, and we are not questioning their importance.

initiative, with increasingly internationalised visitors⁷). Different genres of theatre, dance, concerts and routes could be offered to different costumers. For instance (and this will be our case for this thesis), partnerships between cultural promoters and hostels to show live performances of Portuguese artists to young travellers and backpackers that now come looking for fun and for urban cultures, instead of only golf, beach and sun.

In Algarve, we see some of these ideas being applied during the summer, with big live shows, sometimes with foreign artists. This does not make any sense, as besides the concentration in a short period, they only respond to the tourists that come for the sun, beaches and night diversion, looking for entertainment and not for culture. Moreover, those kind initiatives replicate the offer all over Europe, with no Portuguese singularity. They are not unique, of course, but our aim is not to discuss the whole field. Our point is to argue for the continuity of the initiatives during the whole year, and with the segmentation of the markets, involving more diversity than pop international music. Diversity and continuity would certainly provide the national talents to flourish.

There are many examples of negative cultural outputs under (apparently) positive commercial strategies. One of them is an export that went better internationally than nationally – ukulele – a worldwide well-known string instrument: common people think it is originated in Hawaii, and the mass tourism sector reproduces that idea, associating the sound and the country. However, ukulele is a Portuguese musical instrument, descendant of Cavaquinho, which is used in Portuguese traditional music only, which has no international projection at all. Until now, there has been no attention to this "historical error" in our tourism marketing.

Even in terms of domestic tourism, this idea of relating tourism with arts and culture could be implemented. Only in 2013, 2.5 millions of residents in Portugal did at least one touristic travel (in or out Portugal) with the motivation of “leisure or holidays”, which sometimes could be an opportunity to travel for cultural motives if this type of events would be more focused on the tourism sector (INE, 2014).

It is then important that the artists recognize, and accept, the business dimension of their activity, and make it compatible with specifically artistic goals. Otherwise their artistic activities will be in risk because they are not economically sustainable *per se* and very often the artists need to get another job to survive, spending the most part of

⁷ See <https://www.nosprimaverasound.com> and <http://www.rotadoromanico.com>, respectively.

their time doing another activity not related with their natural skills, capabilities and studies.

The live music field in urban areas, by combining the market and the art (more clearly than the visual arts, or other performative genres, like theatre and dance), may be an interesting domain to explore the relationships we have been referring. In order to test our arguments, we will develop an application case, in Porto. Our empirical research will focus the relationships between two segments, one from tourism (the offer of cultural-driven hostels) and the live music (music spots), aiming to get some clues for our problematic.

4. Methodology

The general methodology of this study follows Quivy and Campenhoudt (1998): research questions; exploration of the theme; reformulated research questions; state of art and problematic; analytical model (hypothesis); empirical work.

In order to take forward the empirical work, we had to do some research with the objective of characterizing the empirical object of this study. We decided to carry the research in Porto, choose the musical segment for the arts side and, for the other side of tourism – the hostels. The reasons for those choices will be detailed in the next chapter. The characterization of the hostels segment in the city of Porto was gathered on the ground, because there is no data specifically related with this segment, since this is a new business in the city, with less than five years. Firstly we used the Internet and the websites of the hostels to make a temporary overall characterization, with the main characteristics of this segment in the city. Secondly, we selected the ones that seem to be more adequate to our purposes and those that appeared to provide pertinent face-to-face interviews. The exactly same process occurred for the musical segment, more specifically the spots of cultural offer. In order to fulfil some characteristics that were not available in the sites, we performed elementary phone surveys.

The interviews were performed between March and May 2015, they have all been recorded and their average duration was about 40 minutes. In total, we interviewed 6 hostels and 4 spots of cultural offer (in a "universe" of 32 hostels and 21 spots). Some difficulties were found, because in the musical segment was not easy to find places available to be interviewed, which reveals some resistance to partnerships since the beginning. Another difficulty was the lack of information about both segments, as mentioned above, which means that all the information to characterize the sector comes from the fieldwork.

All those procedures had in mind our main challenge: to manage and understand the real possibility of developing partnerships between spots of cultural offer and the hostels of the city, with benefits for the artists, audiences, culture and tourism, creating synergies among all the economic individuals of the city. This kind of "alliance" could, not only profit from the touristic hit that the city is living, but also prevent the permanent fragility of the artists that depend on the live shows the spots offer. Our

hypothesis for this empirical test is twofold: the more the cultural stakeholders are able to identify and explore their potential market segments on the demand side, the less they will depend on public funds – thus, tourists from hostels could be a target; and the better they explore their potential market segments, more general economic benefits will be generated, both in arts (the musicians could be paid and emergent artists could be revealed) and in tourism (the hostels could benefit from a cultural demand). In the end, (possibly/ideally) through that private dynamic more funds could be freed up for assisting cultural segments and products without commercial opportunities.

This work on the field intends to be just an experiment, in other words, an exploratory work of a sample within a dynamic environment with a trend of constant growth, according to our literature review and interviews. The results cannot be easily widespread, however they can be used for understanding and managing future partnerships being aware of the pros and cons of this idea.

All the collected data is available in the Attachments' chapter.

5. Object

The empirical work will be focused on the segments presented above, in order to propose a practical and real test for the issue of the lack of investment in arts and culture and the hypothesis that tourism can facilitate that investment. The empirical test will be based on the connection between music (on the arts side) and hostels (on the economic side) in the city of Porto. The reasons why both segments were chosen will be explained in this chapter.

5.1. Locations

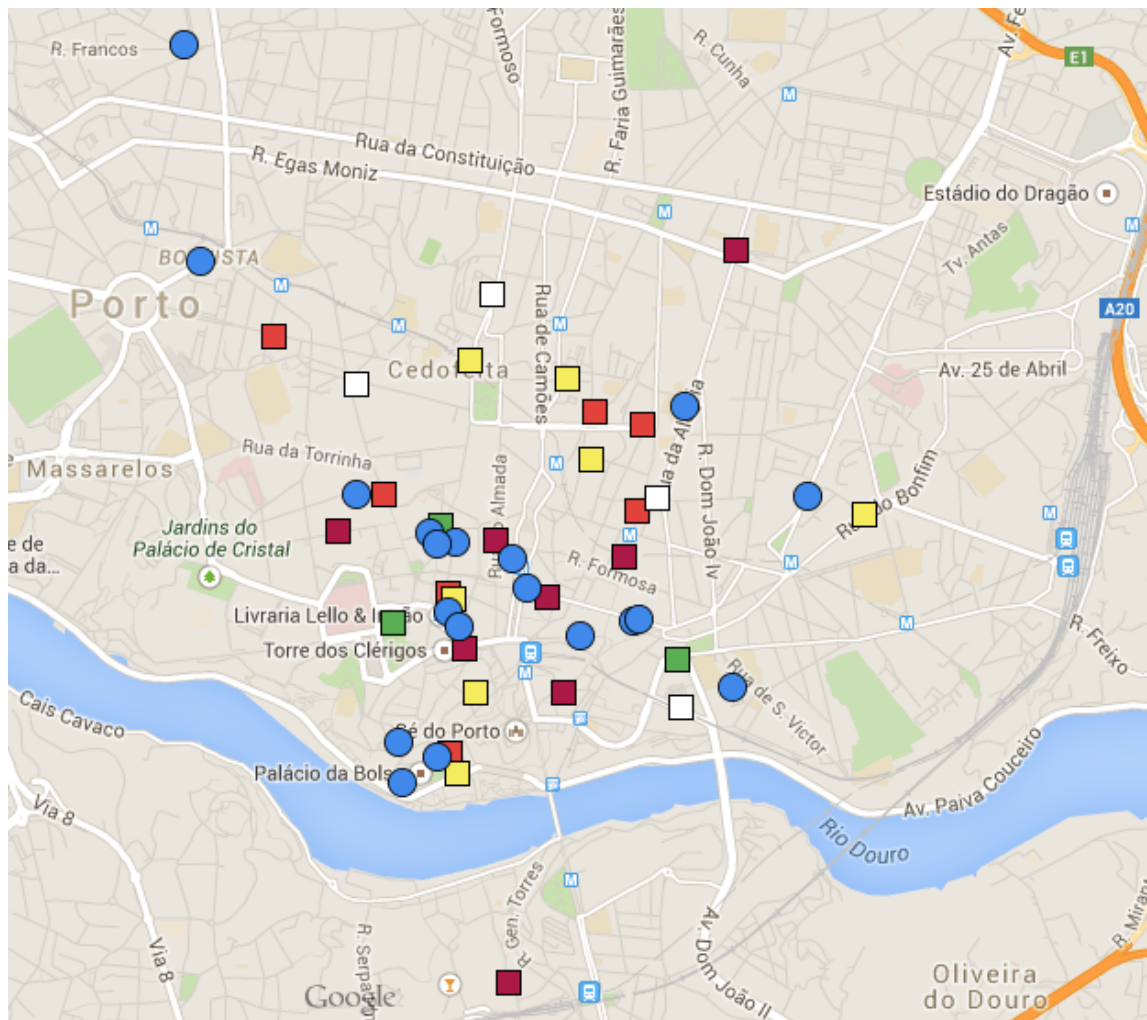


Figure 1 – Location of the spots of cultural offer (circles) and Hostels (squares) - Source: Google Map (Link to dynamic map - <https://www.google.com/maps/d/edit?mid=zLaBUK74ajVw.kZL8Tqfe2ez8>).

We assumed that both businesses' targets could overlap each other, which was one of the main reasons to develop this idea, so it makes sense to test if there is some proximity among all the hostels and spots of cultural offer. Therefore, the location was one of the first criteria that we focused on, in order to understand if there were any relation between both businesses, at least geographically; otherwise it would be difficult to justify partnerships between them, with benefits for both parts. The map shows a geographic concentration in the city centre, both for musical spots and hostels. It is also possible to see the first collected information in the attachments.

5.2. Music

Our practical aim is testing the relation between tourism and arts, in order to create synergies and benefits for both segments in the city of Porto. Given the time and the type of research (a master dissertation), we could not cover the entire field of arts and culture, neither the entire field of cultural-related economic activities (like tourism).

In general, the public realm of the arts and heritage was excluded. Mainstream and institutionalized arts and culture have their own market and some of the activities, like contemporary arts, are subsidized. This is why cultural heritage, although especially related to tourism, was the first segment to be excluded. Then the main concern was to select an artistic field with independent artists, outside the circle of subsidized offer: being independent, they have more obstacles to reach public funds; and not being subsidized, they have more difficulties to get the interest of private investors (with the exception of big events, like festivals). Inside this first selection, independent musicians seem to respond better to our goals and especially those who perform live performances in private urban venues (bars and mixed cultural spaces that combine leisure and arts). We believe this is an important segment for young and qualified tourists, which come to Porto expecting to experience the city life and its urban dynamics.

In sum, the main reasons for our choice were:

- Currently, the city of Porto and all the North region are living a special moment with many emergent bands with great national recognition;
- There is a big movement of private individual programmers trying to promote shows in local cultural venues of urban areas of the city;
- Musicians have more difficult to reach public funds than other cultural segments, because most of them are small, independent workers and there is no legislation to protect these areas;
- The paradigm of live shows and albums has changed for artists. In the past, musicians used to play live shows to promote their work/product – vinyl, tape or CDs. Nowadays, with internet and piracy, it is quite the opposite: artists cannot live from the sales of a new album; the most common thing for the large majority of independent artists is to record new albums in order to promote their live shows and trying to have more opportunities to play.
- “Alternative music” is now living a hype in urban areas like Porto, Lisbon and even minor cities, like Braga or Barcelos - many bands are trying to reach national (or even international) recognition and at the same time they are also struggling for financing in order achieve the big next step of professionalization;
- Porto is a city with many cultural venues to perform live music with all the infrastructures needed (namely technical);
- Last but not least, from my personal experience as a musician, I am more comfortable within this segment, as I know it from the inside and I am aware of the main issues of this field.

These were the main reasons why music is more explored in this thesis, reasons related not only with my personal experience but also with the pertinence of the study nowadays.

Our first step was to identify all the available places in the city for presenting live concerts, and at the same time those, which are more willingly to establish relations and partnerships with the tourism sector. Table 2, below, shows all the Porto’s cultural

spots in vogue to do this kind of live music performances (21), and their main characteristics are detailed in Table 9 and 10 (see attachment 3).

Armazém do Chá	Cave 45	Passos Manuel
Auditório da FEUP	Culturgest	Picadilly
Breyner 85	Hard Club	Pinguim
Café Au Lait	Heavens's Bar	Plano B
Café Concerto da ESMAE	Hot Five	Sala Porta Jazz
Canhoto	Labirinto	Sonoscopia
Casa da Horta	Maus Hábitos	Tribeca Jazz Club

Table 2 – Spots of Cultural Offer of small/medium size

After an exploratory analysis of the cultural spots, we found some places more interesting than others to pursue our goals. For example, some spots do not have a regular agenda; others prefer cover bands instead of artists that are really creating something, and some of them do not have the facilities and capacity required to host concerts with the necessary conditions.

Passos Manuel, Hard Club and **Maus Hábitos** are the main references in terms of concerts in the urban area of Porto. All of them have a regular agenda with artistic quality. The audience, as well as the large majority of the national and international bands, know very well the existence of these places. They work a lot with concerts organized by promoters, so they have experience related in being part of small/medium international and national bands' tours.

Hot Five is a jazz club with a loyal audience and an agenda clearly focused on just one musical genre, which can be very interesting for tourists who previously know what they want to see. Moreover, Hot Five Club has great facilities that allow medium size shows with all necessary equipment.

Armazém do Chá nowadays has a lot less concerts than before. Now, it prefers filling the agenda with more participation of DJs than with cultural or artistic events. In both cases, we can see the entertainment prevailing over the artistic events. However, historically this place was very important for many bands that looked for concerts in the North region of the country, not only to fill some empty dates of tours but, in many cases, they served bands in order to promote new albums and even to present them.

Breyner 85 is also curious. It is a place with small studios for bands to rehearse or even to record small demos and, in addition, it has a bar with events. It is a venue for cultural animation and night entertainment built from the ground up for the production and presentation of live shows. However, if we look for their agenda we cannot find live shows very often, just some jamming sessions, which is very poor for a place like this. Hereupon, it is a spot with the right goal and the right ambition but that somehow, it has lost itself on the way of its purpose.

At last there is **Canhoto**, an alternative place that offers concerts and movies exhibitions with the aim of supporting independent artists that need space and opportunities to show their work at least once. It is a recent place that was built with the intention of creating some partnerships with small agencies of new bands and that contact directly bands without any management.

Some of those places did not accept to be interviewed because they did not have enough time to do personal interviews or just because it was impossible to contact them. In order to replace those interviews, we did a few more contacts with spots that could fit in our proposal, but the large majority did not answered. The biggest obstacle was the night schedules without breaks to be interviewed and the lack of contacts available in their pages and websites.

5.2.1. Interviewed Spots of Cultural Offer

Interviewing some spots of cultural offer would be crucial for the success of this study, because it would be essential to have a real perception of how this business works and how they prepare their agenda and events. Since these places provide a lot of different activities, it was also important to understand which is the biggest source of income and how their managers and programmers feel about the importance of their role in the cultural field of the city (see attachment 3).

One of the main difficulties that we found was some closure attitude in some important places in the city, some of them just because they are open only at night and they work with loud music, without breaks, which means that it was impossible to do the interviews. Besides that, the interviewed were very opened and willing to help, hoping that this study may help in a solution to improve the conditions of artists increasing the audience and attracting new customers.

Those interviews helped us to understand that the large majority of the answers are common to all the places, which facilitates our characterization. Every interviewed, owner/responsible for the place, is also an artist, with an entrepreneur spirit, and they said that the main reason for opening the space was the will to create a place for any artist to show his work to different people. They said are interested in partnerships with all artistic areas and with different kinds of businesses in the city, in order to boost synergies between them. All of them are companies or limited companies and the property is always rented (see attachments 1 and 2).

As far as we were able to infer from the interviews, the communication strategies are carefully planned and executed in the places where there is a cultural programmer, like in Maus Hábitos. In the smaller places, they only use more informal social networks and some digital media, because, in their opinion, there is a lack of free channels to do it, and their budget is often not enough to implement promotion procedures, like the distribution of flyers and posters in the public space. Nevertheless, they all send some information (newsletters) to hotels and hostels, hoping to receive some of their guests – being informal partnerships, they see them as a form of just goodwill, although they believe in their positive impact in the demand. The real source of income of the business is always the bar services (drinks, namely) and the cultural performances function as attractiveness for more customers.

All those places offer not only concerts but also other activities – stand-up comedy, dance performances, parties with DJ sets, etc. In terms of musical genres, they are all very eclectic, following one requirement only: quality and their own taste. Only Hot Five seems to be specialized in jazz and blues' bands, but even there the programming includes concerts with bands of other genres once in a while. With the exception of Maus Hábitos, it is the owner that makes the agenda by himself, which is explained by the fact that the places are too small and it is difficult to pay for a programmer. This professionalization vs. non-professionalization, that is having or not a cultural programmer, impacts evident differences between the agendas and the communications strategies in the spots, clearly reflected in the success of the events and in the image of the place.

In small places the contact is directly made with the bands, without intermediaries like agents or promoters. In Maus Hábitos is quite the opposite; they only work with agencies and promoters. One could think that the reason relies on the dimension of the facility, as bigger spots include different services (restaurant, bar, art gallery...) and then manage to pay higher cachets to the bands. However, that is not truth, the deals with bands are similar in all places – “door deal”, with a higher percentage for the band (around 80%). With partnerships with agencies and promoters, the quality of the events is more guaranteed, since the bands have already passed by a “filtering process” (gatekeeping) and the interested audience are aware of that.

As mentioned before, there is not a musical genre that could function as a "brand" for each spot and even the activities can vary, so the target customer also varies a lot, depending on the activity. All activities considered, we might conclude that the audiences intersect all the ages (children excluded...) and even the socioeconomic status, with a kind of the "daily (night) homogenization". Price and activity are the main factors that seem to influence the target customers. Under this "trend", we see the Breyner 85 case: it has three segments of customers – one for the Quiz, another for the Karaoke and other, younger, for the concerts. While the other places, in turn, have regular customers that are motivated and "competent" people (people who know what they are buying, and that buy what they previously expect to appreciate, who buy CDs, who are open to experiment new things and have a critic attitude) so the audiences vary according to the program. Hot Five is a little bit distinctive because it is not located in

the city centre and the prices are higher, with door tickets almost every day, and it is not a place to “go in and go out” – its audiences are more loyal and more stable, usually aged between 30 and 50, and often including an important part of non-national tourists that look specifically for that kind of place with an ambience of a club.

The number of foreigners in the other places is increasing due to the increase of tourism in the country and especially in the city. According to the majority of the interviewed, strategies of tourism attraction are being experimented, namely trying to develop partnerships with touristic points for tourists with cultural motivations, but nothing very specific until now, because, they said, this “boom” of tourism in the city is very recent and the strategies are being prepared only for this summer.

Therefore, those places had already established some partnerships, most of them informal and case-to-case. Some have partnerships with promoters and agencies to contact bands and book concerts; others have informal partnerships with some touristic points to attract more tourists, but nothing formal and specific for the concerts, like it was said above. The interviewed believe the tourist audiences will continue to increase due to the word of mouth between tourists and travel bloggers. The demand for concerts in Portugal is very difficult to explain, and the owners of those places consider that the large majority of the audiences just follow some hype – the bands in vogue – so the attraction of tourists can often fulfil a small room with a concert.

The interviewed consider that the fact that the city was awarded as “Best European Destination” is having a huge impact in the demand, as a consequence of the increase in tourism. The owners and programmers are consensual in considering that all the businesses must work together and cooperate, in order to provide the best experience as possible, so tourists wish to come again and spread the image that Porto offers a full range of cultural activities and entertainment.

In sum, the interviewed seem to be aware of the strategies needed to expand, increase and qualify their business – showing some rationality (in the economic sense) concerning their specific imbalance between (the scarcity of) assets and (market and artistic) goals. Curiously, the biggest obstacle pointed out to run the business was related with the role of the government: IGAC⁸’s licenses for the activities and the charges are too expensive and sometimes do not make sense for the managers and

⁸ Instituto Geral das Artes e da Cultura - <http://www.igac.pt>

owners: they complained about the number of times the places were inspected and argued that IGAC should help the promotion of artistic performances instead of charging a license to do it. They commonly said that the licences' amount of money could be (more efficiently) used to promote a concert, for instance. The same happens with the SPA⁹ licenses – important, but often inflated. In fact, the firms are small, and fragile, informally managed, and, as referred above, their financial outcomes rely on the bar services, as most of the deals with the artists and their managers rely on door deals, depending on the volume of the demand. Their fragility seems to explain, at least partially, their "market awareness", as they are compelled to rational practices in order to survive as cultural entrepreneurs.

⁹ Sociedade Portuguesa de Autores - <http://www.spautores.pt>

5.3. Hostels

Hostels clearly seem to be the best window for this environment of musicians and this music offer, since the target of both business presents common elements: young travellers, students and people who want to visit and discover the urban culture of the city. Besides that, the owners of hostels are usually younger than the directors or owners of traditional hotels and sometimes they even have a relation with arts (see table 6 in attachment 2).

The interviewed seem to be quite open-minded entrepreneurs and we believe their businesses allow more freedom to create new business ideas than other segments (even traditional hotels), because they usually are less bureaucratic places. This structural homology with the cultural spots means that the partnerships could be easier to perform with this kind of cultural stakeholders that we are analysing than with national museums or big hotels chains, for instance.

In the website Hostel Management ("Hostel Management", 2015), a hostel is defined as being: "(...) budget-oriented, shared-room accommodation that accepts individual travellers (typically backpackers) or groups for short-term stays, and that provides common areas and communal facilities." To be considered a hostel, the property must provide short-term, shared (dormitory) accommodation for individual travellers, although many hostels also provide private rooms.

The Hostelworld's website is one of the most important sites to booking hostels worldwide and every year it has an awards ceremony called Hoscars, in order to distinguish the best hostels in the world and the choices are made by their costumers. In the last edition (2014), Portugal had 11 hostels between the best hostels in the world in different dimension categories. In the category of "Best Medium Hostels", Portugal had 7 out of 10 hostels in the ranking, with the 1st and 2nd places belonging to Lisbon, and the Yes! Porto Hostel in the 3rd position. In the category of "Best Large Hostels" Porto won the 1st place with Tattva Design Hostel (Hostelworld, 2014).

The independent hostel industry is growing rapidly in many cities around the world and Porto is not an exception. Despite the hostels had been seen as low-quality accommodation for less wealthy travellers, nowadays they are in vogue for all social classes and the development of independent backpackers' hostels is a strong business model, with some cities reporting a higher average income *per room* for hostels than

hotels. For example, in 2006, in the city of Honolulu, Hawaii, upscale hotels were reportedly making \$141 to \$173 per room, while hostel rooms in the same city can bring in as much as \$200 per night (Yerton, 2006). Even during the 2008 economic crisis, many hostels were reporting increased occupancy numbers in a time when hotel bookings were down.

Therefore, hostels seem to be a good segment for testing our hypothesis, not only because it is a growing business, but mainly because they match very well the music business. Moreover, the hostels segment often presents an aesthetic communication, following what is called as "design hotels" – Strannegård and Strannegård, 2012 – although within a more "alternative label".

The list of hostels available in Porto are (Booking.com, 2015):

Alma Porto Hostel	Hostel Alegria	Porto Invictus Hostel	Porto Studios
Alojamento Monte Sinai	Hostel Gaia Porto	Porto Sky Hostel	Porto Wine Hostel
Andarilho Hostel	Kubik Rupik Hostel	Porto Sport Hostel	Rivoli Cinema Hostel
City Drops Hostel	Magnólia Porto Hostel & Suites	PILOT Design Hostel & Bar	So Cool Hostel Porto
Dixo's Porto Hostel	Mimhostel	Porto Alive Hostel	Surfivor Porto Surf Hostel
Gallery Hostel	Nasoni Guest Hostel	Porto Downtown Hostel	Tattva Design Hostel
Garden House Hostel	Porto City Hostel	Porto Lounge Hostel & Guesthouse	World Music Hostel
GZ Hostel	Porto Fado Hostel	Porto Spot Hostel	Yes! Porto Hostel

Table 3 – Hostels in Porto

5.3.1. Overall Characterization

The large majority of the hostels in Porto are of high quality and almost brand new – the older one opened in 2008, but the majority opened after 2011. Analysing their ranking on website Booking.com, we can see that Porto hostels are very well assessed by their customers. On average, their ranking is 8.6 in May 2015, which is an indicator of quality and good facilities.

In a brief overview, it is possible to verify that almost all the hostels have really good and diverse services and great locations, in the historical centre or nearby. Only a few hostels have low quality and old facilities; in those cases, the ranking is lower as well.

In general, the large majority seems to be really good and some of them have won multiple awards, as stated above, which in part can explain the award that the city received of Best European Destination on 2014.

Only few hostels were selected for interview, because it would be complicated to contact them all under the period of this thesis. The selection criteria were based on a combination of the ranking (in booking.com), the location, the relation with arts and culture, and the existence of a website to communicate with costumers easily worldwide.

Hostel Gaia Porto was mandatory to interview, because it is one of the three hostels with higher ranking in Porto. The same criteria appear in the **Yes! Porto Hostel** and **Gallery Hostel**, both with a ranking of 9.7. All three reveal great conditions and have received great reviews and critics by their customers. Also, as mentioned before, the Yes! Porto Hostel was rewarded in 2014 and the Gallery Hostel has strong relations with arts, with small art galleries and rooms for small musical performances. The major problem is that Hostel Gaia Porto is not in Porto, is in Gaia, which could be a problem because it is far away from the cultural spots in Porto city centre. However, it can be really easy to use public transports in Porto and there is a subway station near the hostel.

Tattva Design Hostel was the winner for “Best Large Hostel” in 2014, with a high quality website that shows its wide target; it also got a great ranking with 9,3 out of 10. In this case, the award and the conditions of the facilities were the main factors of motivate the selection.

Rivoli Cinema Hostel is a hostel with very good facilities with a communication focus on movies, which can be very interesting for us, because it can mean that its management is aware of the travellers that look for something more than a simple room to sleep. Each room has a movie theme and this relation with cinema can be expanded for music, since the nuclear concept of the hostel image seems to be broad-minded and oriented to arts and culture.

Porto Spot Hostel and **PILOT Design Hostel & Bar** both seem to be really dynamic hostels with good rankings. Both have great websites, a strong brand image targeting younger costumers that look for a good urban experience and showing a great care in the communication with costumers. Also, both have entertainment teams that can help travellers to find interesting spots and they organize some guide tours. These services fit perfectly the search for synergies with other spaces that offer cultural entertainment or art. However, the location of Porto Spot Hostel is not so close of the cultural spots as the location of PILOT Design Hostel & Bar.

In the lower position of the ranking that we choose to interview is the **World Music Hostel**. This one does not have such good facilities as the previous ones, but its theme is clearly related with our cultural area, so at least the interview seems to be natural and mandatory.

As with the Spots of Cultural Offer, some of those hostels' managers were not available to be interviewed because the owners did not authorize them or just because they did not seem interested. So, we tried to contact others that could also fit in our strategy – at least with good location, near the spots of cultural offer, so the **Dixo's Porto Hostel** and **Porto Lounge Hostel & Guesthouse** were included.

5.3.2. Hostels' interviews

The interviews allowed us to deeply characterize this segment of tourism. Some of the hostels chose not to answer to the interview, however the majority showed good will in helping with this study (see attachment 2).

Firstly, it is important to mention that through the interviews we realized that the owners of the hostels are people with an entrepreneur spirit, sometimes related to art and very often people who use to travel. They usually manage their own hostel and the legal status varies between being a company or a limited company. The ownership of the property also varies from being rented to owning the building. In the cases wherein the property is rented, the owners of the hostels themselves always made the restore of the building – only Hostel Gaia Porto and Gallery Hostel resorted to some funds during the restoration of the building. All the hostels interviewed had already been awarded with the exception of the Hostel Gaia Porto – a really small one with just 14 bedrooms and 2 employees – the owners.

In terms of communication strategies, they are very poor. The hostels only use social networks and some digital media, arguing that it is free. So, although they can reach people all over the world without costs, they are limited to their followers. The managers believe that in this segment the best way to attract new customers is by word of mouth through the guests themselves, for instance bloggers of travels, reviews and rating in the booking websites (which are responsible for 80% of the reservations). Just two of the hostels interviewed pay some travel magazines and guides to appear in their articles and news, but the managers said, without any interesting results.

Curiously, the targets of the hostels are wider than expected – they are open to everyone and do not choose the guests they want to receive in terms of ages or types of tourists, so they do not seem to build on a specific target customer profile. Instead, they use prices as filter - some of them are “luxury hostels” (Gallery Hostels and Gaia Porto Hostel) and others are more connected with the concept of “party hostel”. Those concepts are transversal to every nationality, type of travellers or even ages – can be families or backpackers. The unique concern of our interviewed is the occupancy rate and the satisfaction rates, despite any profile of the guests. However, the price really influences the type of guests they receive and some categories may be revealed: the more expensive ones receive wealthier and older guests, who prefer to travel in groups;

and the ones with lower prices receive more backpackers and younger travellers that look for more fun and night parties than cultural tourism. The common characteristics of all the guests are that they travel by low cost flights, and the nationalities are not very heterogeneous – Germans, Brazilians, Frenchs, Spanish and now more Americans and South Koreans.

The association with the low cost flight routes to Porto is the consensual main reason for the increase of the demand, and the interviewed believe that the number of tourists will continue to grow if more routes are opened. Tourists look in the city for site seeing, nightlife and the urban culture. The wealthier segment also wants to try the Portuguese gastronomy. In order to provide these experiences to their guests, the hostels try to develop partnerships with external entities specialized in this kind of activities and take commissions from it – companies of touristic tours related with the wine, pubs, site seeing and some radical activities in Douro. They also develop their own activities, but they are less common and in a smaller scale – dinners with staff and just a few parties in the bars.

Besides those kinds of partnerships with touristic activities companies, some of them tried to implement partnerships with some successful music festivals in the North Region, like Marés Vivas (MEO, Vila Nova de Gaia), Primavera Sound (NOS, Porto), Milhões de Festa (Lovers & Lollypops, Barcelos) or Amplifest (Hard Club, Porto) – but until now, those partnerships have been informal and limited for the accommodation of the bands, not the audiences. At this level, from the all hostels interviewed, the best case of success was Gaia Porto Hostel that last year managed to offer a pack with tickets and accommodation for Marés Vivas.

It is consensual between the interviewed that the demand for this segment has been increasing and the only change is that more and more they receive families and older people that want to save money in the accommodation in order to spend more in the city life. The “Best European Destination” award is consensually perceived as the factor for the visibility and the notability of Porto, namely through the presence in travel magazines and in European guides – the managers referred its concrete impact. However, they prefer to assign to the low cost flights the main cause, as being also one of the causes for that award. Because of this positive forecasting in terms of demand, every interviewed has plans for expand the business scale (not really the scope), by

restoring some of their facilities and increasing the number of bedrooms, activities and partnerships during the next 3 years.

6. Theory in the Field: There is Hope

Interviewing both Hostels and Spots of Cultural Offer gave us the knowledge to rethink of how to create synergies between spots of cultural offer and hostels, in a way that both parts get benefits. Knowing the hostels' business and characteristics, as well as the spots of cultural offer, put us in a privileged position of intermediaries between them, understanding the advantages and disadvantages of partnerships for both parts, and then reflecting on how to take advantage from this "boom" of tourism in the city and increase the attendance of cultural performances by providing new experiences to the guests of the hostels. However, it was not easy to interview both parts, sometimes just because they did not have time, or were afraid to give information they did not want to share (maybe with their competitors...), which revealed from the very beginning that not everyone has a sense of partnership and cooperation between businesses – probably the biggest obstacle and limitation in creating synergies.

If both the activities (their managers) find out how to work together they will create a positive environment of cooperation, giving the sense of hospitality and organization within the city, probably increasing the spending in arts and entertainment as well as in night life and all the businesses in the centre of the city.

Those partnerships have to be done under the awareness that both segments have to adapt to the needs and schedules of the guests and, moreover, the cultural performances need to seek for a more rational adaptation to the hostels activities than the contrary, since they are the main beneficiaries in the short/medium term. We realized that the hostels have touristic partnerships with tourism companies with higher commissions than commissions gained by the selling of concerts' tickets, which is a conflict activity compared with the pub-crawlers of the hostels, for instance. This means that the spots of cultural offer will have to adapt their agenda to the schedule of the hostels, in order to avoid conflicts between activities.

In this context, artists also have to promote their concerts and performances together with hostels and the hosts of the performances, because the amount of income they get from a performance is directly related with the number of tickets sold, since the large majority of the deals are "door deal". This means that the artists and the host split in unequal parts of the amount of tickets sold. This also means that the risk of an event

is spread among all the intervenient and, as a consequence, everyone is responsible for the promotion and the audience will also benefit from it.

Through the interviews we realized that the large majority of the spots of cultural offer have already informal partnerships and even some plans to create partnerships with hostels for this summer. The informal partnerships do not make sense for the hostels because they conflict with other activities, more profitable immediately, like tours – 6€ per ticket vs. 1€ per concerts' ticket – which means that the hostels will not promote the concerts or the events unless they do not have any event of their own, otherwise they will lose money. That is why it is of extreme importance that both parts negotiate with each other their agenda, in order to generate benefits for both.

The lack of communication between both parts seems to be the major treat for the failure of this cooperation business model. Another problem of the informal partnerships is that they are punctual, case-by-case, which ends up without both parts knowing well each other and how do they running their work in the daily life – the environment, the main target and the scope of activities. For the guests and audiences it could be really interesting to be able to fulfil their time with different experiences in the same place. Hostels often do not even know very well the events and this limited information does not motivate the promotion of the place amongst their guests and both parts end up losing possible future benefits from this relation. Those partnerships have to be serious and scheduled together in order to avoid overlaps of activities. This is very difficult, because it requires a more professionalized management, with medium-term planning, and neither the spots nor the hostels seem to be prepared.

Two of the partnerships with music festivals – Amplifest and Marés Vivas – were reported as very successful. In the first case, with the Gallery Hostel, the bedrooms were only for the bands; in the second one the Hostel Gaia Porto was able to develop a small formal agreement where it was possible to buy a ticket of Marés Vivas with the accommodation included. During both festivals the occupancy rate of both hostels was 100% and they were very happy with the relation between them.

For the next future (3 years) both businesses plan to restore some facilities and increase the capacity due to the positive forecasting in the demand. Breyner 85 has already renewed the musical equipment for live performances, for instance; and Porto Spot Hostel intends to increase the number of suites. This demonstrates that both

businesses are going well, the hostels are clearly in expansion and some of the cultural activities can really take advantage of these phenomena. Two issues, however, must be noted: the commercial scale of those festivals is much higher than that of the concerts the spots realize; and the activities of the cultural spots cover all the year, and not just annual events. These two issues imply continuous planning and permanent relationships, which, in turn, means more professionalized management, as already referred. Following our literature review, we may argue that a policy framework for the city could help to encourage solid and sustainable partnerships.

7. A Sustainable Path

The process of interviewing aimed to make clear some strategies in order to improve the relation between hostels and spots of cultural offer, understanding the limitations that can be obstacles for those partnerships.

Before partnerships, some obstacles mentioned by the owners of the spots of cultural should be considered. The authorities that protect the artistic rights – IGAC and SPA – are pointed as being the biggest obstacle to the production of cultural performances, due to licensing. This means that, in their opinion, the entities that should protect the artists and help them to work more with better conditions are doing their job on the opposite side, complicate the conditions for produce concerts. IGAC is a public organization, managed by the government, while the SPA is a private-public one, and both have to be paid in order to produce any kind of cultural performances. A third entity, concerning the recorded music, enters the equation costs – PASSMÚSICA¹⁰ – and then are also the noise licences to pay to the Municipality.

The amount of these licences, according to the interview, is about:

- IGAC – 200€ per year;
- PassMúsica – 4303€ per year;
- SPA – 30€ per concert (until 100 people of capacity);
- Noise license – 16€ per concert;
- For more than 100 people a doorman is required.

All the owners/managers that we interviewed mentioned that these amounts are excessive and unbearable, preventing them to paying fixed cachets to musicians or to making some money with concerts. It must be noticed that those values remain the same, either if you have a cover's or an original's band playing; and that it does not differentiate if the artists are registered or not in SPA or IGACC. Considering our exploring research, as well as my experience as musician, this is hard to understand, and we agree with our interviewed: if those institutions exist to protect the right of the

¹⁰ It is a license the spots with cultural offer have to pay to host cultural performances - <http://www.passmusica.org>

artists, they should charge licenses only in places that receive registered bands or bands that play music from other registered bands (cover's bands).

The source of income of the business is the selling of drinks; cultural performances sometimes can attract customers, but in the majority of the cases, the owners/managers said that the trend is to give up if you plan your agenda only in monetary terms. The reason that they pointed out to continue having concerts is their own passion, their cultural engagement in the production of quality concerts and the public service they believe they are developing. If all those licences were reduced, they could increase their budget for better promoting some events and take advantage of the increase of the audience. This reveals, not only the lack of support by the institutional authorities but also the barriers towards the cultural performances and consequently the artists. In this context, the legal terms and the licenses charged should change in order to protect live performances that nowadays are the cash cow of the independent artists, instead of musical rights and merchandising.

Maus Hábitos is the best example of success among all the spots of cultural offer. It is an example of success in the city and could be followed by other places in terms of internal organization, as well as in terms of touristic partnerships. It is a multi-activity place with a legal capacity of 100 people, with a small restaurant, a bar, visual arts exhibitions and musical performances. They have a regular cultural agenda full of artistic events almost every day of the week, on average 20 per month. Besides, they have a solid partnership with Saco Azul, a cultural association, that supports the visual arts, namely through European funds.

In order to plan the activities and get an efficient internal networking, Maus Hábitos counts on a professional team managed by a cultural programmer, who is also a musician – Luís Salgado. The team is responsible for planning the cultural agenda and for all the communication strategy. This strategy is reflexive, well-planned and tailored, and it differs according to the activity: flyers and posters spread all over the city in strategic points weekly and monthly, digital newsletters, Facebook promotions, and partnerships with some local radios and newspapers. The reputation of the programmer combined with the efficiency of the communication strategy has been generating very positive results, since the average of attendance is the same than the legal capacity –

100 people per concert. In turn, the multi-activity allows the financial coverage of the less commercial initiatives.

As mentioned before, they are aware of the existent opportunity with tourism and they are preparing partnerships for this summer with hostels and hotels. Although those partnerships were not presented in the interview, Luís Salgado revealed that the natural expectation has been the increasing of foreigners attending concerts, which means that a strategic plan with effort and focus in attracting tourists can really function and be useful not only for the artists and the business, but also because more foreigners also attract more Portuguese customers – people look for more people and prefer concerts in sold out rooms.

Currently, Maus Hábitos is the "premium" small/medium size room in Porto that artists look for play. Apparently, this was clearly the result of the work that the team managed by Luís Salgado and his own musical taste and choices create. Being one of the ancient cultural spots in Porto (funded in 2001), it is regaining the status of hype in the city, due to the guaranty of artistic quality and the promotion in these last 6 months of developed work by this professional team. The facilities, in terms of musical equipment and space, are not better than other spots of cultural offer mentioned above, which means that it is possible to implement this example in other cultural places with the same conditions. The presence of a skilled and reputed programmer seems to have its evidence as a success factor in Maus Hábitos.

Luís Salgado argues for a distinction between entertainment and art, and that education and culture should be linked. For him, supporting education with disinvestment in culture does not make sense because he considers that both have the same goal – to provide tools and ways of communication, enhance the way of thinking in the civilizations and spread ideas. He believes Maus Hábitos is contributing to a more qualified cultural offer, but critic audiences require a more ambitious and arts-engaged education. *Per se*, this transformation would contribute for a lower dependency on public funds, as demand would increase and at the same time generate more selections in quality.

Salgado's testimony is very interesting for our research. He seems to be aware of the actual crisis in the investment in culture, and the public disinvestment in particular. In this sense, and being also a musician, he is an example of the possibility of change amongst the cultural stakeholder, particularly being able to take advantages of the new opportunities, thinking out of the box, as the study proposes.

At this point, this study is in conditions of being able to propose some experimental measures aiming the increase of the audience for cultural performances; allowing more independence in private initiatives; releasing public funds for other experimental arts – with less commercial opportunities – and rethinking some of the legal barriers in the production of those live performances – concerts.

Moreover, some of the measures, like formal partnerships between hostels and spots of cultural offer and the decrease of the amounts paid to the entities that “protect the artists’ rights” were also briefly discussed here, so it is important to synthetize the ideas that this study generated:

- Spots of Cultural Offer and Hostels should develop each other knowledge, and take purposive partnerships between them;
- Cultural and artistic stakeholders seem to be the ones that should be active in adapting to the market, in order to promote those partnerships, because although both can benefit from this relation, the biggest sense of urgency is on the side of the artists; besides, the artists and the spots of cultural offer need more support from the hostels than the opposite;
- Partnerships should be formal, in order to generate serious and medium/long-term commitments, and to schedule their agenda together without creating conflict activities;
- Exploring alternative schedules for the concerts (for example matinées) could enhance the city dynamics and reach the attention of tourists that would not seek for traditional concerts at night;
- The inequality of the commissions that hostels earn with their activities in face of the ones that concert tickets can provide is a disincentive for the hostels; the role of the managers, and their knowledge and sensitivity

towards culture, and the cultural dimension of tourism is essential for long-term and sustainability on the side of the hostels;

- Those partnerships only make sense in cases where the events have small/medium size dimension, because with big events (like Primavera Sound), the hostels do not have interest in selling packages with ticket plus accommodation, since they can guarantee the accommodation for higher prices with an occupancy rate of 100% due to the enormous demand in those days;
- In quite the same sense, not all the hostels have the same target than the target of the spots of cultural offer, because the hostels demand are more elastic (concerning the socioeconomic characteristics) than the cultural audiences;
- Besides partnerships with hostels, the spots of cultural offer should create partnerships with touristic points if they want to take advantage of the tourism in the city; this mean that they can contact some of the tourism points and invest in promotion through touristic guides and city maps;
- The artists, the hosts of the cultural performances and the hostels would benefit from sharing the promotion of the concerts: since the large majority of cachets is paid with “door deals”, the risk could be divided and all individuals would benefit from higher audiences; as referred, cultural and tourism stakeholders do not have a common business timing, as the former tend to act in a longer-term than the latter, so this is one of the issues that would certainly benefit with policy guidelines, especially at the city level;
- In legal and framework terms, the government should have a positive role here, controlling the excessive amounts that are charged to small rooms for producing live music performances. Currently, those fines and licenses are blind (Botton and Armstrong, 2013), which means, for instance, that they are the same for covers or original’s bands, registered, or not, in those entities.

8. Conclusions

Despite some changes over the years, the biggest target of the hostels is the same as the target of the spots of cultural offer and some of them are trying to create partnerships because of that. Both feel the impact of the recognition of the city, especially through the tourism awards – Best European Destination 2013 and 2014 – the demand is growing and they want to work with entities that are more external in order to provide the best experience as possible to the tourists, creating synergies. However, it could not be profitable for some hostels to promote concerts because the short-time returns are low. The fact that the owners/managers of both firms often are, or used to be, also artists, should be used to facilitate the communication between them – a better knowledge of each segment would help to develop creative synergies.

In terms of communication strategies, both prefer the use of digital social networks tools, because they are free and also because their targets are regular users of those websites. Even here, there is an opportunity to increase the targets and the number of both websites' followers – Facebook pages, etc. – integrating hostels' pages in the events of the cultural performances and vice versa. Some exceptions are visible in the cases wherein spots of cultural places have their own cultural programmer; and they are good examples – Maus Hábitos in particular – in those cases, there is a team with a strong communication strategy and those strategies have real impact in the attendance, they say.

The role of the cultural programmers is only important for places with a large agenda of events and with bigger bands with a larger fan base that can come to the concerts. However, they are of high importance, have high impact in the way the cultural part of the business is managed and they seem to make the difference between the successes or the failure in terms of incomes and attendance – Maus Hábitos has an average attendance per concert of 100 people (the legal capacity). In this case, the programmer had a crucial role in the success of this case. Nevertheless, there are risks, and in this specific case the internal networking with the different activities, especially the more commercial ones (bar and restaurant), as well as the partnership with Saco Azul allows the incomes to pay the salaries of the cultural staff.

In general, the cultural interviewed showed a higher concern on developing strategies to attract more tourists, taking more advantage of the increase of tourism in

the city, than the hostels managers, who showed a more passive attitude, relying on the short-term increase of the demand and believing in the impact of the rating in the booking websites. Our research evidenced that the hosts of the cultural performances are already feeling the difference of the audience, with more foreigners, although sometimes they cannot identify their origin (Erasmus students or tourists).

A curious thing discovered, which it is directly linked with the role of the Portuguese government mentioned in the literature review, is that the cultural interviewed – who explicitly try to improve and sustain their activities in their own spaces – see in the government the main obstacle to continue their cultural activity. This happens because of the exaggerated value of licences and fines that they have to pay to IGAC. They consider that this public organization is not protecting the artists because the result of that protection is the extinction of some places that used to allow artists to show their work, due to the unbearable charge of licenses. Other of the major obstacles is the same that also happens with the private organizations SPA – Sociedade Portuguesa de Autores.

With the increasing of tourism in the city, the target is becoming wider in the hostels and that impact on the spots of cultural offer, as well as in the concerts. “More and more the tourists prefer to save money in the accommodation to spend more in the city life in order to take maximum advantage of the experiences that cities offer to tourists” said the owner of the Gaia Porto Hostel. This behaviour is well known by the hostels owners and it is another element that contributes to the spread of the hostels’ target through all ages.

The fact that both fields have already established some informal partnerships allows the expectation that this idea can be real, providing real results in terms of income for both parts, increasing the rates of attendance to concerts and providing best experiences to the hotels’ guests, which will make them come back. However, they have to work together, discovering their common interests and adapting their own work tradition and culture to the business itself. On the artists side the focus on targeting some touristic spots is very important.

An interesting conclusion relies on the different attitude of each segment towards the market. It was much more difficult to find the cultural managers available for interview and to cooperate on this study than the managers of the hostels. The

websites and online information about the cultural spots is quite sparse, even regarding some basic information, like the contacts. In general, the cultural field reveals difficulties in incorporation the external conditions (namely the market-driven ones), so they would benefit of a more active and dynamic culture, adapting to the changes we are confronting and the monetary problems that we face currently.

In terms of management, this is a huge challenge for both parts. It involves knowing well each other, the best communication possible, a mixing of different cultures in the work and reaching consensus for both businesses. We also have to be aware that we cannot generalize this proposal for both sectors. Our goal was to develop an exploratory empirical test, not to involve the whole sectors.

Knowing that there are real opportunities, the challenge is to take advantages from them and managing both businesses in order to increase the audience of cultural offer and improve the experiences of the guests. All the individuals interviewed recognized the importance of cultural performances for the economy and tourism in the city, and all of them think that it makes sense to working with each other; the only obstacle is a matter of communication and the lack of knowledge of both sectors.

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10. Attachments

Attachment 1 – Hostels’ Information

Nº	Name	Opening Year	Address	Phone	E-mail	Location	Private Rooms	Capacity	Services	Lowest Price (May)	Rating (booking.com) (28/2/15)	Website	Observations	Comments to the interviews
10	Hostel Gaia Porto	2012	Rua Cândido dos Reis, N 374 4400-070 Vila Nova de Gaia	224 968 282	info@hostelgaiaporto.pt	Gaia	Yes	14	Garden	18€ to 26€	9,7	http://www.hostelgaiaporto.pt	Seems to really good hostel with a romantic environment and great conditions	
32	Yes! Porto Hostel	2011	Rua Arquitecto Nicolau Nazoni, 31 4000 Porto	222 082 391	infoporto@yeshostels.com	S.Bento	Yes	61	Bar, Guided tours	18€ to 20€	9,7	http://www.yeshostels.com/pt	Best hostel in the world award (2010 and 2013), guided tours can be very interesting	
6	Gallery Hostel	2011	Rua Miguel Bombarda, nº222 4050-377 Porto	224 964 313	info@gallery-hostel.com	Miguel Bombarda	Yes	41	Library, Bar, Cinema room, Art gallery, inside garden	22€ to 32€	9,3	http://www.gallery-hostel.com/pt/	It's not a good website, too much information, however the hostel seems to be really good and highly related with arts	
9	Hostel Alegria	2014	Rua da Alegria 913, Bonfim 4000-048 Porto	935 656 870	hostelalegria@gmail.com	Marquês	No	20	Table tennis, walks on bike	15 €	9,3		A real calm and relax hostel for older people I believe. I can't obtain much information through their website	
30	Tattva Design Hostel	2012	R. do Cativo 26-28, 4000-160 Porto	220 944 622	info@tattvadesignhostel.com	S.Bento	Yes	?	Library, rent a car, transport for the airport	16€ to 18€	9,3	http://tattvadesignhostel.com	Winner for the best hostel worldwide in 2014, great website, wide target	The managers didn't give any informations neither answered the emails
19	Oporto Sport Hostel	2010	Rua de Santa Catarina, 313, Porto	224 085 205	oportosporthostel@gmail.com	Santa Catarina	No	64	nothing to mention	12,50 €	9,1		Website is not available, I couldn't find the email address. Guests seem to appreciate the staff and the localization	
23	Porto Lounge Hostel & Guesthouse	2012	Rua do Almada 317, 4050-038 Porto	222 085 196	info@portoloungehostel.com	Aliados	Yes	45	Bar, Games room, Terrace	14 €	9,1	http://portoloungehostel.com	Very nice and clean, great website, great rating	
27	Rivoli Cinema Hostel	2009	Rua Doutor Magalhães Lemos 83, 4000-332 Porto	220 174 634	rivolicinemahostel@gmail.com	Aliados	Yes	35	Rent a bike	16€ to 42€	9	http://www.rivolicinemahostel.com	Good hostel, linked with cinema and arts, can be important for our target	The managers didn't give any informations neither answered the emails
28	So Cool Hostel Porto	2013	Rua da Boavista 783, 4050-110 Porto	224 928 334	info@socoolhostelporto.com	Boavista	Yes	48	Garden	14€ to 20€	8,9	http://socoolhostelporto.com/pt-pt/	Without special services, but really clean and interesting environment	
4	City Drops Hostel	2014	Rua Raul Dória nº11, 4000-409 Porto	915 423 974	citydropshostel@gmail.com	Trindade	No	25	nothing to mention	11€ to 14€	8,8	http://www.citydropshostel.com	Good website, simple and young hostel, very practical	
24	Spot Porto Hostel	2010	Rua de Gonçalo Cristóvão 12, 4000-263 Porto	224 085 205	portospothostel@gmail.com	Trindade	Yes	60	Entertainment team, Library, Garden, Golf camp, Walking activities	18€ to 25€	8,8	http://www.spot-oporthostel.com	Great hostel, great websites, great activities	
5	Dixo's Oporto Hostel	2010	Rua Mouzinho da Silveira, 72 4050-415 Porto	222 444 278	info@dixosoporthostel.com	Ribeira	Yes	36	Bar, Garden, Library	14€ to 25€	8,7	http://dixosoporthostel.com	Great hostel, good website, 2012's awards, very fresh new aspect	
7	Garden House Hostel	2011	Rua Santa Catarina, 501 - Santo Ildefonso 4000-452 Porto	222 081 426	gardenhouse501@gmail.com	Santa Catarina	Yes	54	Outdoor terrace, Bar	14€ to 32€	8,7	http://www.gardenhousehostelporto.com	Seems to be good, good presentation and good website	
17	Oporto Invictus Hostel	2010	Rua das Oliveiras 73, 4050-449 Porto	222 024 371	info@oportoinvictushostel.com	Aliados	Yes	28	Vending machine	13€ to 23€	8,7	http://www.oportoinvictushostel.com	Ordinary hostel, on average, which is good	
22	Porto Downtown Hostel	2008	Praça Guilherme Gomes Fernandes, 4050-294 Porto	222 018 094	info@portodowntownhostel.com	Aliados	Yes	40	nothing to mention	17€ - 20€	8,7	http://www.portodowntownhostel.com	Good location, site is in maintenance but seems to be good, nothing else to mention because they don't mention any activities	
11	Kubik Rupik Hostel	2014	Rua de Cedofeita, nº 229, 4050-179 Porto	224 920 445	?	Miguel Bombarda	Yes	36	Garden, disco, rent a bike, library	18€ - 24€	8,6		Poor information, without website, a little bit old	
12	Magnólia Porto Hostel & Suites	2010	Avenida Rodrigues de Freitas 387, 4000-422 Porto	222 014 150	hello@magnoliaporto.com	S. Lázaro	Yes	31	Bar	15 €	8,5	http://www.magnoliaporto.com	Pretty hostel, with website on maintenance, have all kinds of rooms	

Table 4 – Hostels’ information collected through the Internet and phone calls

20	PILOT Design Hostel & Bar	2012	Rua General Silveira 11, Porto	222 084 362	pilot@pilothostel.com	Aliados	No	72	Bar, terrace, rent a bike, touring support	11€ to 14€	8,5	http://pilothostel.com	Could be interesting because they touring with the guests	
26	Porto Wine Hostel	?	R. Campo dos Mártires da Pátria, 4050-366 Porto	222 013 167	info@winehostel.pt	Clérigos	Yes	?	Tours and touristic activities with staff	15€ to 24€	8,5	http://www.winehostel.pt	Can be very interesting because they provide cultural activities	They didn't accept the interview
29	Survivor Porto Surf Hostel	2013	Av. do Brasil 816, 4150-154 Porto	939 336 434	info@surfvorcamp.com	Foz	Yes	20	Garden, Terrace	14€ to 20€	8,5	http://surfvorcamp.com/porto-surf-hostel/	Very cousy and familiar, it's a home for surfers	
31	World Music Hostel		Rua do Infante D. Henrique 22, 4050-296 Porto	939 703 259	info@worldmusicostel.com	Ribeira	Yes	?	Walking activities, disco, rent a bike, rent a car, transport for the airport	12€ to 15€	8,4	http://worldmusicostel.com	Related with music, but too old, is not very cool and don't have great conditions, poor website	The managers didn't give any informations neither answered the emails
1	Alma Porto Hostel	2012	Rua do Bonfim 305B, Porto	914 049 326	?	24 de Agosto	No	22	Bar, free parking, Garden	13€ to 15€	8,3		I couldn't find the website or even the mail address	
18	Oporto Sky Hostel	2008	Rua da Lapa 33, 4050 Porto	222 017 069	info@oportosky.com	Faria Guimarães	No	30	Games room, Library, Rent a bike, Walking activities	14€ to 18€	8,3	http://www.oportosky.com	Could be interesting because they have activities with their guests, but seems to be a normal house	
21	Porto Alive Hostel	?	Rua das Flores 138, 4050-263 Porto	220 937 693	portoalivehostel@gmail.com	S.Bento	Yes	?	Entertainment team, Rent a bike, Library	13€ to 18€	8,3	http://www.portoalivehostel.com	Good website, interesting due to the entertainment team that they have	They didn't want to help neither with the basic question on the phone
25	Porto Downtown Studios	2015	Rua D. Afonso Henriques, 502 e 518 4435-006 Porto	917 125 885	info@portostudios.com	Pedrouços	Yes	15	Garden, Beauty and barber shop	20€ to 27€	8,3	http://www.porto-downtownstudios.com	Really good hostel, with informal treatment	Without time to schedule a meeting
14	Nasoni Guest Hostel		Galeria de Paris 82, 4440-452 Porto	222 083 807	masoniguesthostel@gmail.com	Galerias	Yes	?	Free bikes	14€ to 24€	8,2	http://www.nasoniguesthostel.org	Really cool hostel, each bedroom have an artistic theme, very interesting	
15	Oporto City Hostel	2011	Rua Guedes de Azevedo 219, 4000-273 Porto	222 084 452	oportocityhostel@gmail.com	Trindade	Yes	41	Barbacue	17€ to 25€	8,2	http://www.oportocityhostel.com	typical city hostel, run, targeting young travelers, good conditions but nothing special	
13	Mimhostel	2013	Rua João das Regras 96, Porto	960 023 267	mimhostel@gmail.com	Trindade	Yes	27	Garden, Barbacue	20€ to 25€	8		Ordinary hostel with a cool relaxed environment, nothing special and the website doesn't function	
3	Andarilho Hostel		Rua da Firmeza nº 364, 4000 Porto	222 010 252	andarilhoportohostel@gmail.com	Santa Catarina	No		Garden, Barbacue	11€ to 13€	7,9	http://andarilho-hostel.com	Good website, young target. Simple and minimal presentation	
8	GZ Hostel	2013	R. de Antero de Quental 11, 4050-055 Porto	916 284 890	gzhostel@gmail.com	Faria Guimarães	Yes	4	Activities with the guests	12€ to 30€	7,6	https://gzhostel.wordpress.com	Really poor website, activities with guest could be interesting for us	They didn't want to help neither with the basic question on the phone
2	Alojamento Local Monte Sinai	?	Rua Alexandre Herculano 146 - Sé, Porto	?	?	S. Lázaro	?	?	nothing to mention		7,3	?	Without website of facebook page. It's very difficult to find the contacts. At the moment is not possible to book beds	
16	Oporto Fado Hostel	?	Rua de Álvares Cabral 14, 4050-041 Porto	910 635 555	oportofadohostel@gmail.com	Lapa	Yes	?	nothing to mention	9€ to 11€	6,6		From what I found the website doesn't function and it is impossible to book in the booking.com	They didn't want to help neither with the basic question on the phone

Table 5 – Hostels' information collected through the Internet and phone calls (cont.)

Legend:

- Sort by best ranking
- The pronounced ones were the interviewed

Attachment 2 – Hostels' Interviews - analysis

	QUESTIONS	HOSTELS						
		PILOT Design Hostel & Bar	Spot Hostel Porto	Yes! Porto Hostel	Gallery Hostel	Hostel Gaia Porto	Dixo's Oporto Hostel	Porto Lounge Hostel & Guesthouse
1	What was the main reason behind the opening of this hostel?	The bosses are one architect and one engineer, both traveled mens who weren't happy with their previous job so they decided to make their own business	4 friends with different backgrounds saw the opportunity in this segment, 2 of them quit their jobs because they weren't happy and start to run this hostel from the ground	They already had the Yes! Lisbon Hostel, the business was growing and they felt the opportunity in expand the same business model for Oporto	A family from Lisbon (father and son) with an entrepreneur spirit and both traveled mens. The son is an artist so they wanted an hostel related with arts	Both husband and wife are traveled persons and they weren't happy with their jobs as nurses. Want to open the 1st hostel in Gaia	Was an uncle that knew the business since 2006 because he traveled a lot who give the idea. Then two brothers invested in the business with father's help	The owner is a lady that love this kind of businesses with multicultural environment and tourism
2	What is the legal status of the hostel?	Company	Company	Limited partnership	Company	Limited company	Company	Company
3	Who is the responsible for the hostel?	A manager and the owners	4 partners: 2 are in full time and the other 2 are silent partners	A manager	The owner that also works there	The owners	The owners (two brothers and a father)	The owner
4	Is the ownership of space the same as the responsible for the hostel? If not, what is the relationship?	No, it is rented. But they restore it by themselves	They are buying the space in leasing and all the investment in the space was done by themselves	No, it is rented. But they restore it by themselves	Yes, they bought the building and then restore it for the hostel	Yes, they bought the building and then restore it for the hostel	Yes, they bought the building and then restore it for the hostel	Yes, they bought the building and then restore it for the hostel
5	How many employees do you have regularly in the hostel?	8 and they are specialized, with backgrounds related to their positions	8 persons, without background in the area except the manager	11 and only 3 are not specialized	8 employees all specialized	2 (the owners) without any background in the area. sometimes they receive trainees from the school of Espinho	8, they have background in different areas, the large majority have artistic backgrounds	5, 3 of them with background in the area
6	Have this hostel already been awarded?	Certificate of Excellence 2014, Best Value Award 2012, Best Atmosphere Award 2013	4th Best Hostel in the World 2011, 11th Best Small Hostel in the World 2014	Best Hostel in the World 2010, 2013	Certificate of Excellence 2012, Best Cleanliness 2012, Hostelbookers Awards for Excellence 2012	No	Cleanest Hostel Award 2012, 3rd Best Small Hostel 2013	No
7	Do you have some specific communication strategies?	They use all of the social networks tools (facebook, instagram, etc.) and the website is also important	They use all of the social networks tools (facebook, instagram, etc.), some local radios and magazines	They use all of the social networks tools (facebook, instagram, etc.) and the website is also important	They use all of the social networks tools (facebook, instagram, etc.)	They use all of the social networks tools (facebook, instagram, etc.) and the website is also important	They use all of the social networks tools (facebook, instagram, etc.) and the website is also important but they never paid for advertisement. However they received TVs and newspapers attention because of the awards	Nothing to mention, nor even social networks
8	Do you have strategies and planning in order to attract new costumers?	Nothing too specific, just the use of TripAdvisor, Hostelworld and Booking.com	They use to pay to appear in some maps of the city but the best tools are the usual channels TripAdvisor, Hostelworld and Booking.com (80% of the reservations)	Nothing too specific, just the use of TripAdvisor, Hostelworld and Booking.com and they create synergies with Yes! Lisbon Hostel	Just the use of TripAdvisor, Hostelworld, Booking.com and some partnerships with bloggers	TripAdvisor, Hostelworld, Booking.com and some partnerships with bloggers, magazines and tourists guides	Just the use of TripAdvisor, Hostelworld, Booking.com and bloggers	Just the use of TripAdvisor, Hostelworld, Booking.com
9	Do you have a target customer?	Everyone	Not really, the only thing they do is to have a higher price than the other hostels with the same rating in order to select better the costumers. They also have suites for a higher price. They are not a party hostel.	Everyone	They are not a 'party hostel' but a 'luxury hostel', that is the positioning they have and it reflects in the prices and in the activities. So they are waiting for older people or at least more wealthy and people with interests related with arts - they are the hostel in town with higher prices	Familiar hostel that look more for couples. Higher prices, less rooms, so the environment is more cousy and allows the guests to rest and not to party	Everyone	Older guests and couples with purchasing power
10	Are your costumers the same than the target?	Yes	Yes	Yes	Yes, but they also have younger costumers the came from wealthy countries	Yes	Yes	Yes

Table 5 - Hostels' interviews – analysis

	How would you characterize your main customers?							
11	Age	18 to 25	18 to 25 / suites 30 - 50	18 to 25	All ages	30 - 42 and seniors 50 - 65	18 - 35	25 - 35
12	Nationality	Brazil, Spain, France, Germany	Germany/ Spain/ France/ South Korea	Brazil/EUA/Germany/South Korea (but they all come from Europe)	Germany, France, United Kingdom, EUA	Germany, Brazil, France	Germany, South Korea, France and Germany	Spain, France, Germany, England
13	Average days of accommodation	2.5	2.5	2.5	2.5	3	2	2
14	Do they travel alone or in groups?	40% travel alone and the rest is in groups	50/50	50/50	70% travel in group	80% travel in group	In the winter travel alone and in the summer more in groups	Couples or groups
	How they are socioeconomically?	Students and young workers	A little bit more wealthy than the common guests of the hostels	Young travelers and backpackers, but also more and more families	Wealthier	Wealthier	Wealthier	Wealthier
15	What are the reasons for being in Oporto?	Cheap city and low cost flights	Low cost flights, Oporto is in the route of Lisbon	Cheap flights and low prices in the city	Oporto is in vogue, it has a strong image all around the world and not only in Europe, bloggers and magazines everyone write about the city. They use to travel by low cost companies	Low cost flights are the main responsible	Low cost flights are the main responsible, but also because the city is well-known	Low cost flights are the main responsible
16	What do they look in the city?	Night life, urban culture, site seeing	Site seeing and want to see the traditional characteristics and places of the city	Night life, parties, site seeing	They want to meet the city, touristic places, museums and culture; they also love the food and have good references about it, they want to try vinho do Porto	Wine, food and the walking tours	Wine, food, tours, urban culture - concerts, new experiences and monuments	To rest, architecture, famous places and monuments
17	Do the hostel offers them activities, or provide them information about the city?	Social experience with the staff, Pubcrawlers and Biketours, Shuttle from the airport to the hostel, Boat tour	Only through partners: Walking tours, Pub crawlers, tours to Gerês, Wine tours	Walking tours, Wine tour, Pubcrawl, try to promote the socialization with the staff doing dinners all together	A lot of activities, the check in is about 1h in order to understand all the needs of the costumers and then they can program all the activities for each person. They can also advise concerts but the tourists go all alone.	Many activities all with partnerships (cultural, sport, radical and sport)	Partnerships with traditional tours' companies of the city	Partnerships with traditional tours' companies of the city, portuguese classes in the hostel and Quizzes about Portugal
18	Do the hostel has partnerships with other external entities?	They want to do partnerships with NOS because of the Primavera Sounds and they are looking for other festivals, they also had partnerships with Lover & Lollypops but only for the bands	Only with tours companies	Yes, with a tour company that offers a commission of 50%; they already tried to do some partnerships with events promoters but the commissions are lower so they given up. They also wants to do partnerships with Primavera Sounds but they don't want to fix prices o sell in a pack with ticket plus accommodation	Yes, with a company of tours and with Oporto art district - in all those activities the hostel doesn't have any commissions. They also did a partnership with the festival Amplifest and they loved the experience	A lot of partnerships with yoga academies, wine houses, universities, radical activities. They already worked with a painter who also exposed in the hostel and want to do more with more artists. They have a partnership with Marés Vivas - a pack with ticket and accommodation. The owner have a vision of partnerships between all the services in the city - the hostels must be open to all kind of cultural initiatives in the city	With tour companies and with Amplifest to give accommodation to the bands	Just for tours

Table 5 - Hostels' interviews – analysis (cont.)

19	Have the demand been increasing?	Yes	Yes, but also the supply which makes the demand increase at decreasing rates	Yes	Yes, a lot	Yes	Yes, more and more	Yes
20	And it has been changed?	Not too much, maybe now they have also older guests	Not too much, maybe now the guests are more aware of the city	Not too much, but now they are starting to have more families	Not too much, but now the guests already know better the city by magazines or internet before they arrive	More and more the tourist save money in the accommodation to spend in the city	Older guests	They have always a huge variety of guests
21	Have you ever resorted to some kind of support or funds?	No	No	No, there are not funds available but they will be necessary	Yes, IEPF	Yes, CREN and GaiaFinancia	No, the process was too bureaucratic	No, the process was too bureaucratic
22	What are the main obstacles to this business?	Seasonality, Employee turnover	Strong competition with aggressive prices	Legislation (but it's changing), bureaucracy, unfair competition by residential and private accommodation - they sell themselves in the websites like they were an hostel but they don't	Legislation (but it's changing), bureaucracy	Legislation (but it's changing), bureaucracy, hotel's lobbies. The location in Gaia sometimes doesn't allow partnerships because it is not Oporto	Legislation, but it's getting better	Being well known among all the hostels
23	In the case of not having accommodation available, recommends other hostels? If so, which ones?	Invictus, Eden Garden and Sky Hostel	Rivolli Hostel and Sky Hostel	Rivolli Hostel, Porto Spot Hostel Tattva	Tattva Design Hostel	Gallery Hostel and World Music Hostel	Rivolli Hostel, Yes! Porto Hostel, Spot Porto Hostel	Gallery Hostel,
24	How do you evaluate the fact and the impact that Oporto had received the award of "Best Destination of Europe in 2014" ?	The impact exists but they consider that is for other kind of hostels and hotels, because their costumers continue to be younger travels that choose Oporto just because it's a cheap destination	The impact is making that the demand can absorb the increase of the supply	It didn't have any impact on this type of tourism, all the increase in demand was by the opening of new low cost routes and because more and more people like to travel and can afford it. The business will continue to grow with or without the awards only because the number of low cost routes available	Huge impact, the large majority of the guests know the city because of those awards and because the city is now well known as a great destination for different kinds of tourism and for all ages	Yes, we feel the impact because the large majority of the tourists that goes to Lisbon now also came to Oporto and they like more Oporto than Lisbon, so they use to turn back. The city have to grown but the businesses have to create partnerships between them in order to give the best experiences to the guest, everyone must to be linked creating synergies between hostels, bars, restaurants, cultural events, etc.	Yes, the impact is huge in the demand and in the kind of customers, currently they are know the city before coming and look for specific places, they have expectations which increase the bar and the need in providing the best experiences as possible	The awards was important because gave importance to the city in the Europe. Currently, some guests came to Portugal only because Oporto and don't want to visit Lisbon, which was the opposite in the past. The demand has been increasing also due to the low costs flights, but maybe nowadays are more routes as consequence of these awards
25	Are there any changes planned for the next 3 years?	They want to change the decoration every year	Continue to restore the building and increase the number of suites	They will increase the number of rooms	Increase the number of double rooms	Improve the services and the activities in order to differentiate from the rest of the hostels	Just to continue improving the services and the activities	The space is already optimized
26	What would you say are the distinctive characteristics of this hostel in relation to others?	The best price for the rating	Great breakfast, good rating a good facilities	Location, socialization between staff and guests and great facilities	Great location near the art galleries of the city and the fact that it's a Luxury Hostel	Different target, different location (Gaia), big terrace with a garden	The location	Location and familiar environment

Table 5 - Hostels' interviews – analysis (cont.)

Attachment 3 – Spots of Cultural Offer's Information

Nº	Name	Opening Year	Address	Phone	E-mail	Location	Capacity	Concerts			Observations	Website	Entrevistas
								Acoustic	Covers	Originals			
1	Armazém do Chá		Rua de José Falcão 180, Porto	222 444 223	info@armazemdocha.com			X	X	X	Nowadays they have less room for live performances for bands, instead they promote more parties	http://www.armazemdocha.com	
2	Auditório da FEUP		Faculdade de Engenharia da Universidade do Porto 4200-465 Porto	225 081 524	eventos@fe.up.pt			X	X	X	Public space, could be important to work with	http://eventos.fe.up.pt	
3	Breyner 85	2009	Rua do Breiner 85, 4050-126 Porto	936 440 865	geral@breyner85.com		100	X	X	X	Interesting place, however seems to be have a lot more than music concerts	http://www.breyner85.com	
4	Café Au Lait		Rua Galeria de Paris 46, Porto	?	?			X		X	Only some specific concerts, without contacts, only the facebook	https://www.facebook.com/aulait.cafe	It was not possible to find a contact number
5	Café Concerto da ESMAE		Rua da Alegria nº 503, 4000 - 045 Porto	225 193 760	esmae@esmae-ipp.pt			X		X	Public space, could be important to work with	http://www.esmae-ipp.pt/gca/index.php?id=92	
6	Canhoto	2013	Travessa de Cedofeita 60-62 Porto	963 084 213	bar@canhoto.pt		80	X		X	Interesting place, with good and frequent agenda	http://www.canhoto.pt	
7	Casa da Horta - Associação Cultural		Rua de São Francisco 12, 4050-548 Porto	222 024 123	casadahorta@pegada.net			?	?	?	Very interesting place but I don't know if they do musical liver performances	http://www.casadahorta.pegada.net	
8	Cave 45		Rua das Oliveiras 45, 4050-449 Porto	223 266 724	cave45mail@gmail.com				X	X	Really good bar with a good agenda	https://www.facebook.com/pages/CAVE-45/422226761262949	
9	Culturgest		Avenida dos Aliados nº104, 4000-065 Porto	222 098 116	culturgest@cgd.pt			X		X	Public space, with rooms in Lisbon and Oporto, can be difficult to contact	http://www.culturgest.pt/info/porto.html	
10	Hard Club		Rua Infante D. Henrique, 95. 4050-252 Porto	220 101 185	comunica@hard-club.com		150	X		X	Very interesting place to work with	http://www.hard-club.com	Without time to schedule a meeting
11	Heavens's Bar		Av. Fernão de Magalhães, 118 Porto	937 583 876	?			X	X	X	Heavy music	https://www.facebook.com/heavensclubporto	
12	Hot Five	2006	Largo Actor Dias 51, 4430 Porto	934 328 583	hotfive@sapo.pt			X	X	X	It's too specific wich could be good, great website, great environment	http://www.hotfive.pt	They never answered the phone or email
13	Labirinto		Rua Nossa Senhora de Fátima nº334, 4050-426 Porto	223 217 339	labirinto@labirinto.com			X	X	X	They show more movies than concerts	https://www.facebook.com/LabirintoBar	
14	Maus Hábitos	2001	Rua Passos Manuel 178, 4º 4000-382 Porto	222 087 268	mail@maushabitos.com		100	X		X	Very interesting place to work with	http://www.maushabitos.com	
15	Passos Manuel		Rua Passos Manuel 137 4000 385 Porto	222 058 351	info@passosmanuel.net			X		X	Very interesting place to work with	http://www.passosmanuel.net	They never answered the phone or email
16	Picadilly		Rua São Vitor, 156 A 4000-521 Porto	225 363 211	?						I don't know if they are doing concerts	https://www.facebook.com/picadillypub	
17	Pinguim		Rua de Belomonte 67, 4440-452	916 048 413	?			X	X	X	They have few concerts	https://www.facebook.com/pages/Pinguim-Café/172329856144832	Scheduled a meeting but he didn't show it was not possible to find a contact number and they never answered the phone or email
18	Plano B		Rua Cândido dos Reis 30, 4050-150 Porto	?	plano.b.geral@gmail.com			X		X	One of the most mitic places for live music performances	http://www.planobporto.net	
19	Sala Porta Jazz		Camilo Torres, 4º piso, Avenida dos Aliados nº211, Porto	?	portajazz@gmail.com			X	X	X	It's too specific wich could be good	http://portajazz.com/agenda/	They never answered the phone or email
20	Sonoscopia		Rua da Prelada nº 33 (ao largo do Carvalhido) Porto	220 945 915	sonoscopia@gmail.com			X	X	X	Great website, it's a platform for experimental music and arts	http://sonoscopia.pt	
21	Tribeca Jazz Club		R. de 31 de Janeiro 147, 4000-543 Porto	914 922 099	tribecajazzclub@gmail.com			X	X	X	It's too specific wich could be good	http://www.tribecajazzclub.com	They never answered the phone or email

Table 6 - Spots of Cultural Offer's information collected through Internet and phone calls

Legend:

- Sort by best ranking
- The pronounced ones were the interviewed

Attachment 4 – Spots of Cultural Offer's Information

Nº	QUESTIONS	SPOTS OF CULTURAL OFFER			
		Maus Hábitos	Hot Five	Breyner 85	Canhoto
1	What was the main reason behind the opening of this space?	The owner is a photographer and he wanted to open a place with the goal of join artists to work and to show their work to an audience. Then he started to open several rooms dedicated to different activities (exhibitions, concerts, restaurant/bar, etc.)	The owner is also a musician and wanted to have a own space to give all the necessary conditions to musicians play, correcting the mistakes that the other places used to do	Will of creating a multicultural place where artists can experience all the moments in the life of a musicians: since learning to rehearse, record and play concerts	Entrepreneurship, the creation of the own job because he was unemployed
2	What is the legal status?	Company but with a Cultural Association called Saco Azul (focus only on plastic arts)	Company	Limited company	Limited company
4	Is the ownership of the space the same as responsible for the place? If not, what is the relationship?	It is rented and was Maus Hábitos that did all the transformations and improvements to be this place	It's rented but they restore it to be the Hot Five	It's rented but they completely restore it to be the Breyner 85	No, it's rented. But the restore was done by himself
5	How many employees do you have regular in the hostel?	8	4	8	Just 1, the owner
8	Do you have some communication strategies?	Social networks, website, flyers every months, newsletter for mailing list, press release for magazines, posters in the city	Social networks are the main tools	Just social networks and sometimes radio or newspapers	Just social networks
9	Do you have strategies and planning in order to attract new costumers?	Through strong communication strategies	Only for the tourists, the most important strategy is the word of mouth	Just social networks and sometimes radio or newspapers	Flyers and some postcards
10	What kind of performances do you work with?	Concertos, DJ sets, parties, book's presentation, theaters, dance performances, exhibitions of paintings and photography	Music and Stand Up Comedy	Karaoke, Cinema, Quiz, Concerts	Concerts and cinema
11	Do you have your own activities and resident artists or just receive other artists?	Both, the owner is also a photographer and some resident parties	They don't, but they have bands that play more regular (monthly) - in that way it's possible to reduce the cachet and they already know how the performance is	No, just receive other artists	Just receive other artists

Table 7 - Spots of Cultural Offer's interviews – analysis

12	How do you establish your agenda? There is a specific person who choose the artists?	There is a programmer that works with many agencies and promoters and he choose some of the bands	The owner choose all the bands and look for bands that can bring more costumers, don't need to be jazz music. He receives about 30 mails per week and have also friends with bands	Both, trusteeship in terms of electronic music and the rest is by themselves	At the beginning it starts to be one by Lovers & Lollypops but now they work by themselves because they receive a lot of proposal by the bands
13	How do you choose the bands? Do you follow a genre or try to obey the costumers taste?	No, they want different genres, from one extreme to another. The only requirments is the taste of the programmer, it as to be good	The basis is jazz music but except extreme music all genres are availables, specially tribute bands because fans of those original bands love it. It's rare to have original bands because the risk is higher	Are eclectic but without touch in the extreme genres (classical, heavy metal, heavy electronic music)	Every genres have space, if they like the band they accept the concert, doesn't follow any specific genre
14	Do you work more directly with bands, agents ou promoters?	Agents and promoters, sometimes they open space for young bands	Bands and even avoid the agents, he doesn't like this kind of relationship	Bands	Bands
16	What kind of a deal do you do with the artists?	Door deal	Cachet and door deal	Door deal with commission for both parts with break even	Door deal with commission for both parts
17	Do you have a target costumer ?	It's an audience that is interested, buy CDs, listen a lot of music, read and like exhibitions, are sensible to alternative music and arts and open to new things, have a critic opinion and want to see and experience different things. It's a curious audience. In terms of genres it's transversal to everything	Not really, it's more the genre of music that brings a type of costumers. It depends. But now they also have loyal customers	Not really, it's more the genre of music that brings a type of costumers. It depends. Different days different targets. It also depends of the activity	Adults and with only independent music
	How would you characterize your main customers?				
18	Age	18 - 30	30 - 50	Quiz 30 - 40 / Concerts 18 - 30 / Karaoke 18 - 25	25 - 35
19	Do they use to go to the concerts alone or in groups?	Groups	Groups	Groups	Groups
20	Are there many tourists in concerts?	They will start now to promote Maus Hábitos in touristic channels to this summer	Yes, increasingly the wealthier but more and more also the younger tourist	Yes, more and more	Yes, increasingly

Table 7 - Spots of Cultural Offer's interviews – analysis (cont.)

21	Does this space has a strategy to attract tourists, especially foreigners?	They are thinking about hotels, hostels, doing matinés concerts for tourists	Newsletters to hostels and hotels	Partnerships with hostels but more informal because they don't have money to do flyers	No, but they already thought in that
22	Do you have partnerships with other external entities?	With promotores/agencies/producers: Filho Único, Lovers&Lollypops, Turbina, Bodyspace, etc; Festivals (Termometro), NOS Discos	Informal partnerships with hotels, hostels and tourism center - they inform the costumers. Tourism points	Shortcutz, Universidade Católica, Cine Clube do Porto	No, but they already thought in that with hostels and hotels
23	Have the demand been increasing in the last 2 years? And with more or less foreigners?	On average 100 persons per concert, and it has been increasing in the last one year. With more foreigners also. No Maus Hábitos is in vogue, again.	Yes, with a lot of tourists. But there are less "real" bands	It has been decreasing and there is less places to play	Yes, gradually with more tourists
24	Can you identify other places in the city with cultural relevance?	Passos Manuel, Hard Club, Plano B, Café au Lait	Passos Manuel, Maus Hábitos, Plano B, Canhoto	Hard Club, Hot Five	Maus Hábitos, Passos Manuel, Plano B
25	What would you say is the main role of this place for the city?	It's the place in Portugal with more concerts, is a bar, a disco, a place with related with plastic arts, concerts and exhibitions at the same time	It's a cousy space, with a great and cousy environment like a club. Musicians have great conditions to play and the costumers already know the quality of the performances. For musicians they need a space like the Hot Five because they pay well and have all conditions to present their work. It creates real work for musicians	Is the only place where artists can experience all the moments in the life of a musicians: since learning to rehearse, record and play concerts	It's a place where you can have a exhibition of a movie or a musical concert right in the center of the city where the large majority of the students are
26	And the role of the programmers?	In Maus Hábitos is the person responsible for all the agenda and booking with events almost everyday	In small places their existence doesn't make sense	In small places their existence doesn't make sense	They are only necessary in places with big dimension and with big bands, otherwise everyone will lose money
27	How do you characterize the offer and demand of concerts in Portugal?	There is demand but you have to be good, it's natural selection. There is three circuits: theaters, smaller rooms, and festivals	In this club has been increasing, more tourists	Now people prefer more electronic music and places to dance. The cash cows of the bands are the drinks and the kind of performances are better to do that	It is a question of education, people are starting to go out to see more and more concerts, we have to continue the hype. Have been more tourists

Table 7 - Spots of Cultural Offer's interviews – analysis (cont.)

28	How do you evaluate the fact and the impact that Oporto had received the award of " Best Destination of Europe in 2014" ?	Yes, in the city everyone feel the impact and the exposure of Oporto to the world	Yes, completely 200%. More and more tourists, the kind of tourists that read travel magazines and choose their destinations love this kind of club because they are wealthy people	Yes, they receive more tourist and they are well informed about the city and even about the Breyner 85	Can notice easily the impact by the number of tourists that enter in the bar
29	Have you ever resorted to some kind of support?	No	No, but should exist a fund only to use in culture	No, at the begining they needed but the funds require positive results, which was impossible at that time	No, only from the Centro de Emprego
30	What are the main obstacles to this business?	Everything works fine with the write team	SPA and IGAC Licenses - are too expensive	The performance of our economy, SPA and IGAC Licenses, it doesn't make any sense	SPA and IGAC Licenses, competition too aggressive with lower prices
31	Are there any changes planned for the next 3 years?	Continue the work done with this team	Continue to do concerts and create more Blues or Jazz Festivals in the city	Focus more on just some of the activities and new audio and lights equipment. They want to open eralier, not only at night	Do more concerts

Table 7 - Spots of Cultural Offer's interviews – analysis (cont.)

